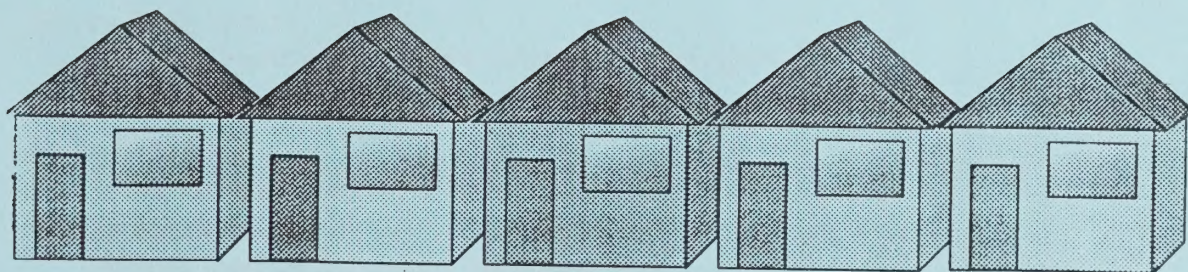


REVISED DRAFT  
*City of Merced*  
*Housing Element*  
1992-1997




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# **City of Merced Housing Element, 1992-1997**

*REVISED DRAFT, November 1992*

*prepared by*

Moore Iacofono Goltsman, Inc. and Jeffery Baird and Associates

*for the*

**City of Merced Housing Program**

*with oversight and strategic direction provided by the*

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## SECTION I

# Introduction and Overview

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## **I. Introduction and Overview**

This section provides background information on the Housing Element and an overview of the rest of the document. It includes a glossary of terms used in the Housing Element document that may be unfamiliar to some people. The order of presentation in this section is as follows:

- **Housing Element Background**
- **State Law Requirements for Housing Elements**
- **Housing Element Organization and Structure**
- **Public Involvement in the Update Process**
- **Glossary of Terms**



## A. Housing Element Background

The City of Merced General Plan is a comprehensive planning document that will guide the overall physical development of Merced in the coming years. It sets forth the community's values regarding future growth and development and provides a strategic framework for decisions regarding land development.

The Housing Element is one part of the General Plan. Both the Element and the Plan are required by the State of California. The City's previous Housing Element was adopted in 1986. The updated Element presented here has been developed to ensure that the City's housing policies and programs respond to the changing conditions and needs for housing in Merced. The update of the Housing Element is part of a larger General Plan update effort being undertaken by the City.

The Housing Element update is also part of a larger strategic planning effort being undertaken to address affordable housing needs in Merced. In the Fall of 1991, the City convened an Affordable Housing Task Force to study the City's affordable housing needs and develop a five-year action plan for addressing those needs. The outcome of the Task Force efforts is the *City of Merced Affordable Housing Action Plan, 1992 - 1997*, adopted by the City Council on April 20, 1992. The Action Plan and its supporting document, *City of Merced/Issues in Affordable Housing*, provided the background information and overall strategic direction for development of the Housing Element.

Members of the Affordable Housing Task Force were selected to provide broad representation of the many groups and agencies that participate in housing development and related efforts in the City, including developers, realtors, service providers, bankers, community groups and county agencies. Members of the Task Force are listed at the beginning of this document. In addition to Task Force workshops, two community workshops were held to solicit input from the public on goals and objectives for the Action Plan.

The Action Plan has provided strategic direction for development of both the City's Housing Element and its new Comprehensive Housing Affordability Strategy (CHAS), the document required by the federal Department of Housing and Urban Development. Together, the Action Plan, Housing Element and CHAS work together to direct and coordinate housing activities in the City.





## B. State Law Requirements for Housing Elements

The General Plan is the foremost policy document for the City. It provides guidance for local land use policies, zoning, capital improvements and development standards. Among the mandatory elements which must be in a general plan is a housing element, as described in Government Code §65583:

*The housing element shall consist of an identification and analysis of existing and projected housing needs and a statement of goals, policies, quantified objectives, and scheduled programs for the preservation, improvement, and development of housing. The housing element shall identify adequate sites for housing, including rental housing, factory-built housing, and mobilehomes, and shall make adequate provision for the existing and projected needs of all economic segments of the community.*

The California Department of Housing and Community Development (HCD) is responsible for reviewing the housing elements of all cities in California for their compliance with State law requirements embodied in Article 10.6 of the Government Code. When reviewing housing elements, HCD evaluates their effectiveness based on conformance with three broad content requirements of State law:

- 1) Identification and analysis of existing and projected housing needs and an inventory of resources and constraints relevant to meeting those needs.
- 2) A statement of goals, policies and quantified objectives.
- 3) A discussion of scheduled programs for the preservation, improvement and development of housing.

Housing Element law has been amended over the years to require analysis of special housing groups, including homeless individuals and families (Chapter 1383, Statutes of 1986). The analysis is required to contain a needs assessment of shelter for the homeless and a program to meet those needs. The City of Merced Housing Element addresses these needs as well as other special housing needs in the City, including farmworkers, single parent families, large family households and individuals with physical and mental disabilities.



## C. Housing Element Organization and Structure

The Housing Element is presented in four major sections. They are:

### ■ Introduction and Overview

This section provides background information on the Housing Element and an overview of the rest of the document. It includes a glossary of terms used in the Housing Element document that may be unfamiliar to some people.

### ■ Housing Background

This section provides a summary of quantitative and qualitative data on housing conditions and needs in the City of Merced. It also presents the regional housing needs figures from the Merced County Association of Governments, an overview of development potential and constraints to that potential, a brief discussion of energy conservation opportunities, and an evaluation of the City's 1986 Housing Element.

### ■ Housing Goals, Policies and Programs

This section presents the goals, policies and implementing programs that will be pursued by the City in the coming five years to address housing needs. The goals and their related policies and programs are organized by four goal areas: New Housing Construction; Housing Conservation and Rehabilitation; Housing Affordability; and City Coordination. Target dates and responsibilities are identified for each implementing program. Quantified objectives are listed at the end of this section.

### ■ Implementation Matrices

A matrix is provided for each of the four goal areas to provide a summary overview of the programs identified in the Housing Element and to serve as a tool for tracking implementation activities. For each program, the matrix identifies objectives for the one-year and five-year timeframes, implementation responsibilities, estimated staff hours required for implementation, and estimated budget allocation for the first year.





## **D. Public Involvement in the Update Process**

The City of Merced's Housing Element sets forth the community's priorities for responding to housing needs. It is based on the community's values and an awareness of the resources available to pursue housing objectives.

As stated previously, the Housing Element was developed based on the public input and decisionmaking presented in the City's Housing Action Plan. Thus, the process of public involvement in the Housing Element Update actually began in the Fall of 1991, when the City hosted community workshops to hear from members of the community on housing issues. The Action Plan (which sets forth the policies presented in the draft Housing Element) was developed during the following months by the Affordable Housing Task Force (a group representing community representatives, service providers, county planning agencies and representatives from the local housing industry). The Action Plan was approved by the City Council at a public hearing on April 20, 1992.

The Housing Element will be reviewed by the Affordable Housing Task Force and in public hearings before the Planning Commission and City Council. Public comments received at these hearings will be incorporated in subsequent revisions of the Housing Element document.



## E. Glossary of Terms

Following are definitions for important terms used in the Housing Element:

***Affordable Housing.*** This is a popular term that is often misunderstood. Many people think it refers only to low income housing. However, in technical terms, it can refer to nearly any unit of housing. "Affordable housing" refers to the relationship between the price of housing (either sale price or rent) and household income. A \$500,000 home is "affordable housing" for households making \$200,000 per year. However, it would not be affordable housing for the vast majority of households in Merced. In terms of the Affordable Housing Action Plan, "affordable housing" refers to housing units that are affordable to households of very low, low and moderate incomes.

***Affordability.*** There are two factors affecting affordability for housing: the price of housing and household income. The common standard is that households should spend approximately 30 percent of their income on housing. That can vary, however, according to household size. Large households face higher costs for other items (e.g., food, childcare, insurance, etc.), and therefore cannot afford to spend as much on housing).

***Income Categories.*** The federal and state governments require that local jurisdictions consider the housing needs of households in various "income categories." Income categories are determined by the median household income at the local level. In cities such as Beverly Hills, where incomes (in general) are quite high, an annual household income of \$40,000 might be considered "low income." In Merced County, the median household income in 1989 was \$24,727, well below the statewide median of 35,798 (US Census Bureau).

***Very Low Income.*** Very Low Income households are defined as households with incomes less than 50 percent of the county median.

***Low Income.*** Low Income households are defined as households with incomes between 50 percent and 80 percent of the county median.

***Moderate Income.*** Moderate Income households are defined as households with incomes between 80 percent and 120 percent of the county median.

***Above Moderate Income.*** Above Moderate Income households are defined as households with incomes over 120 percent of the county median.





***Below Market Rate (BMR) Unit.*** A Below Market Rate (BMR) unit is a housing unit that sells or rents for less than the going market rate. It is typically used in reference to housing units that are directly or indirectly subsidized in order to make them affordable to very low, low or moderate income households. If units can be provided by the market at rates affordable to lower income households, then BMR units become unnecessary.

***Subsidized Units and Section 8.*** "Subsidized units" typically refers to units that rent for less than the market rate due to a direct financial contribution from the government. Section 8 is a subsidy program funded by the federal government and overseen by the County Housing Authority to provide low rents and/or housing payment contributions for very low and low income households.

***Zoning.*** Zoning is an activity undertaken by local jurisdictions to direct and shape land development activities. The intent of zoning is to protect the public health and safety by ensuring that incompatible land uses (e.g., a school and an oil refinery) are not located next to each other. Zoning also impacts land values, creating and taking away "capital" for and from property owners. For example, a lot that is zoned for commercial development is more valuable (in financial terms) than a lot that is zoned for open space. Typically, lots that are zoned for higher densities have greater value on the market than lots that are zoned for lower densities. Zoning is one of the most important regulatory functions performed by local jurisdictions. The City of Merced's zoning is set forth in its Zoning Ordinance and Zoning Map.

***The General Plan.*** The State of California requires that every city and county have a "general plan." This plan sets forth long-term goals, objectives and policies that will guide the community's physical development. By law, a general plan must contain seven "elements," or parts of the plan that address different issues. Those required elements are land use, circulation, housing, conservation, open space, safety, and noise. The City of Merced's General Plan contains these seven elements plus an additional 10 "optional" elements (e.g., recreation, transit and community design, among others). The various elements affect one another and, therefore, must be compatible. For example, the Land Use Element (which guides zoning decisions in the city) will determine where new housing is built as well as the type and density of that housing.

***Density.*** This refers to the number of housing units on a unit of land (e.g., ten units per acre). In the City of Merced, the lowest density residential zoning is "R-1;" it allows a maximum of 1 housing unit per 6,000 square feet (although the city recently approved a new R-1-5 zone that allows 1 unit per 5,000 square feet). The highest density residential zoning, R-4, allows 1 unit per 1,000 square feet. The majority of the City of Merced is zoned for low density residential development.



***Residential Planned Development (RPD) Zoning.*** This is a zoning designation designed to provide greater flexibility in project design and review than is typically possible under "traditional" zoning (e.g., R-1). RPD zoning is often used to achieve clustered housing design (resulting in more open space) and mixed use development (helping reduce reliance on the automobile). RPD and similar zoning designations have become increasingly popular in cities around the country as a means of achieving community design and development goals.

***Mixed Use.*** This refers to different types of development (i.e., residential, retail, office, etc.) occurring on the same lot or in close proximity to each other. Most European and many older American cities have large areas of mixed use development, with housing typically located above store fronts on main streets. Mixed use has become popular in the U.S. in the last ten years as a strategy for decreasing dependence on the auto and revitalizing retail and business districts.

***Lot Coverage, Set Backs and Height Restrictions.*** These requirements determine the size and placement of buildings on their lots. They are set forth in the City's Zoning Ordinance and vary for each zoning district. Lot coverage is typically stated as a percentage and refers to the lot area that may be covered by the building. A 5,000 square foot lot with a 50 percent maximum lot coverage can have a building occupying 2,500 square feet of the lot area. Set Backs prescribe the minimum distance between the front property line and the housing structure while Height Restrictions prescribe the maximum height of the structure. Together, these restrictions control the size and placement of a building on a lot.

***Second Units.*** Also referred to as "inlaw apartments" or "granny flats," Second Units provide a second housing unit on the same lot as a single family home. Second Units are allowed only in R-1 zoning districts and must comply with a number of requirements, including that the principal or second dwelling unit be owner-occupied, that the second unit not be larger than 600 square feet (with maximum occupancy of two people) and that the unit have its own entrance.

***Substandard Housing.*** This refers to housing where major repair or replacement may be needed to make it structurally sound, weather-proofed and habitable.

***Emergency Shelters and Transitional Housing.*** These are two types of housing specially designed to meet the temporary needs of homeless families and individuals. An "Emergency Shelter" is a facility designed to provide free temporary housing on a night-by-night basis to homeless families and individuals. "Transitional Housing" provides longer term accommodations (often for a span of several months) to homeless families and individuals. This provides a stable living environment for the period of time necessary to learn new skills, find employment and/or develop a financial base with which to re-enter the housing market.





*SECTION II*  
**Housing Background**



## **II. Housing Background**

This section provides a summary of housing needs and conditions in the City, including current and projected characteristics of the City's population and housing stock. It also includes a discussion of special housing needs that exist in the Merced community, an examination of the development potential in the City for responding to housing needs. There is also a discussion of energy conservation measures and an evaluation of the City's previous housing element. All of this information provides the necessary background for the subsequent section which presents housing goals, policies and programs. The order of presentation in this section is as follows:

- Demographic Characteristics
- Housing Characteristics
- Housing Affordability
- Special Needs
- MCAG Regional Housing Needs Determination
- Housing Development Potential
- Potential Development Constraints
- Opportunities for Energy Conservation
- Evaluation of the 1986 Housing Element



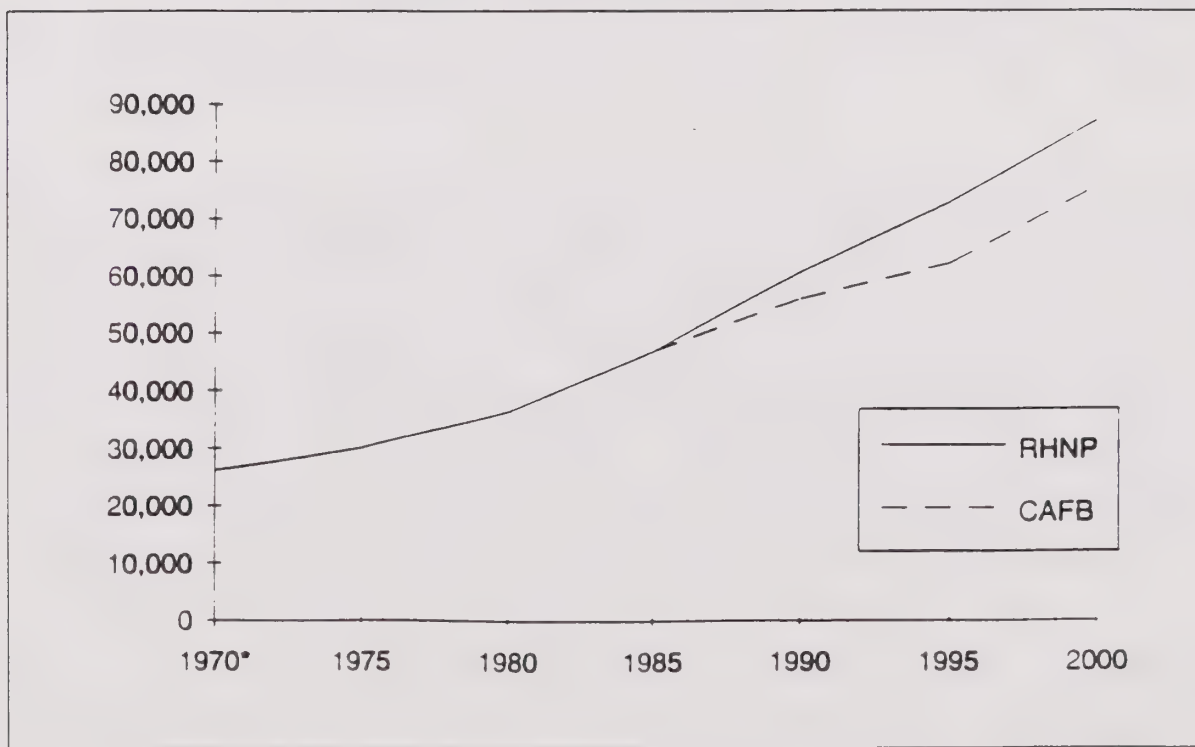
## A. Demographic Characteristics

### Current and Projected Population

The 1990 census counted 56,216 people in the City of Merced, a 54 percent increase over the 1980 population of 36,499.

That population is expected to grow substantially in the coming five years, although estimates vary. The projected 1997 population for the City of Merced as indicated in the Regional Housing Needs Plan of 1991 is 81,600 (a 9 percent annual growth rate). However, since the writing of that report, closure of nearby Castle Air Force Base was announced. A more recent projection, from a base closure impact report produced by the County, shows a 1997 population of 67,439 (a 4 percent annual growth rate). Those two projections are illustrated in the graph below.

Due to State housing law, which requires consistency between the figures in the Regional Housing Needs Plan and the City's Housing Element, the higher figures are presently guiding the City's planning efforts (although the potential impacts of the base closure will be kept in mind).



*City of Merced population growth, 1970 through 2000 as projected by the Regional Housing Needs Plan of 1991 (RHNP) and the base closure impact report (CAFB).*





## Number of Households

In the 1990 census, there were **18,154 households** in the City of Merced, a 35 percent increase from the 1980 figure of 13,510. This is a lower rate of growth than that for the population overall due to the significant increase in household size during the same ten year period. It is projected that there will be 26,945 households in the City in the year 1997.

## Household Size

A significant trend in the City of Merced during the 1980s was the increasing size of the average household. Unlike most areas of the country, where household size either decreased or remained relatively constant, **average household size increased significantly in the City of Merced during the period from 1980 to 1990**. In 1980, there were 2.69 persons per household, on average, in the City of Merced. In 1990, that number had increased to 3.00 persons per household. The number is projected to increase still further in the coming five years to approximately 3.10 persons per household in the year 1997.

	1970	1980	1990	1997 (est.)
<i>Average Hhold Size</i>	3.24	2.69	3.00	3.10

*1997 estimate is from the National Planning Data Corp.*

Interestingly, Merced's projected average household size for 1997 will still be smaller than the average size of 3.24 persons per household in 1970, an average household size that was fairly typical across the nation in that year. However, it is important to remember that these figures represent an "average." In 1990, that average was the result of an uneven distribution of household sizes in the City. **In North Merced census tracts, the average household size ranged from 2.3 to 2.9.** This is an area where households tend to be White and higher income, and housing tends to be newer and higher value. **In South Merced census tracts, the average household size ranged from 4.1 to 4.6.** These are neighborhoods where households tend to be Hispanic or Southeast Asian and lower income, and housing tends to be older and lower in value.



## Household Types

The table and chart below show the distribution of household types in Merced in 1990. They show that **nearly 28 percent of the 13,162 family households in the City (which represent 73 percent of all Merced households) are headed by a single parent while 24 percent are composed of five or more persons.** Both of these populations—single parent families and large family households—have special housing needs. Those needs are discussed later in this section.

Household Type	1990, # of Hholds	Percentage
<i>Single Person Hholds</i>	3358	18%
<i>Single Parent Family Hholds</i>	3631	20%
<i>Other Family Hholds</i>	9531	53%
2-4 persons	6357	(67%)
5+ persons	3174	(33%)
<i>Elderly Hholds</i>	1634	9%
<b>Total</b>	18,154	100%

Source: 1990 U.S. Census

## Current and Projected Income Distributions

The following tables present the distribution of households in Merced by income category.

**Income distributions are calculated based on percentages of the County median income.** Median income is the point at which 50 percent of the households in the County have a higher income and 50 percent have a lower income. It is *not* an average of all incomes in the County. Income categories are defined as:

<b>Very Low:</b>	<i>50 percent or less of median income.</i>
<b>Low:</b>	<i>50 to 80 percent of median income.</i>
<b>Moderate:</b>	<i>80 to 120 percent of median income.</i>
<b>Above Moderate:</b>	<i>120+ percent of median income.</i>





The County median income in 1979 (from 1980 census information) was \$14,698. The median in 1989 (from 1990 census information) was \$25,548. Estimates for 1997 show the median increasing to \$30,660. The following table shows the actual incomes that would fall within each category for each year.

	Very Low	Low	Moderate	Above Mod.
1979	< \$7350	\$7350-11,750	\$11,751-17,650	>\$17,650
1989	<\$12,774	\$12,774-20,438	\$20,439-30,658	>\$30,658
1997 (est.)	<\$15,350	\$15,350-24,525	\$24,526-36,800	>\$36,800

Figures are rounded; 1997 estimates are from the National Planning Data Corp.

As the tables below illustrate, the number of households in the Low and Very Low income categories grew by nearly 1700 households in the 1980s (to a total of 7,350 in 1990). However, the highest rate (39 percent) and greatest volume increase (2120 households) was in Above Moderate income households.

#### 1979 Income Distribution

	Very Low	Low	Mod.	Above Mod.	TOTAL
Total Hholds	3283	2375	2392	5460	13,510

1979 County Median Household Income: \$25,548

#### 1989 Income Distribution

	Very Low	Low	Mod.	Above Mod.	TOTAL
Total Hholds	4227	3125	3407	7579	18,338

1989 County Median Household Income: \$25,548

#### Estimated 1997 Income Distribution

	Very Low	Low	Mod.	Above Mod.	TOTAL
Total Hholds	6467	5120	5658	9700	26,945

Estimated County Median Household Income: \$30,660



## Race and Ethnicity

The City of Merced has become increasingly diverse in the past ten years, and is likely to become increasingly more diverse in the coming ten years.

The table below shows 1980 and 1990 figures for Merced's various populations by race and ethnicity. While every group showed an increase in overall population during the past ten years, **the highest rate of growth by far was among Asians and Pacific Islanders, growing 1400 percent in the ten year period.** These figures reflect the large influx of Hmong and Laotian refugees into the City of Merced since 1980. In the 1990 census, 4,749 people in Merced identified themselves as Hmong and 1,688 identified themselves as Laotian. In addition, the number of people identifying themselves as "other" soared from 56 in 1980 to 8,570 in 1990. It is likely that many of these people would fall into the Hmong or Laotian categories.

The second fastest growing racial group in Merced during the 1980s was people of Hispanic origin, growing at a rate of 63 percent, while the White population grew at a rate of 53 percent.

	1980 pop.	1990 pop.	% change
<i>White</i>	22,613	34,675	53%
<i>Black</i>	2,647	3,860	46%
<i>Hispanic</i>	10,289	16,786	63%
<i>Native American</i>	324	522	61%
<i>Asian/Pac. Islander</i>	570	8,564	1,402%
<i>Other</i>	56	8,570	15,203%
<b>Total</b>	<b>36,499</b>	<b>56,216</b>	<b>54%</b>

Merced's current mix of race and ethnic groups makes it one of the most diverse cities in the country. It also has several important impacts on the local housing market.

Many Hmong, Laotian and Hispanic households fall into the moderate, low and very low income categories. Thus, there is a higher degree of housing overpayment in these groups than there is among Whites. It is also more likely that households in these groups will require housing assistance, will live in sub-standard housing and/or will live in overcrowded conditions. Overcrowding, in particular, is a widespread problem among these groups due to large family



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size and the desire to live in extended family situations. The dominant pattern of housing construction in Merced, as in most of the U.S., does not respond to the needs of these families, and the few large homes that exist are typically out of these families' range of affordability.

In addition, the majority of non-White households are concentrated in South Merced, where the cost of housing is lowest and the occurrence of substandard housing is the highest. The City's *Affordable Housing Action Plan* has set a goal of achieving a more equitable mix of affordable housing throughout the City. However, it will be a difficult goal to achieve in light of land costs in the North Merced area. It is more likely that housing conditions for low income families in South Merced will be improved through the City's Housing Rehabilitation Program and new construction or rehabilitation that is designed to meet the needs of large families.





## B. Housing Characteristics

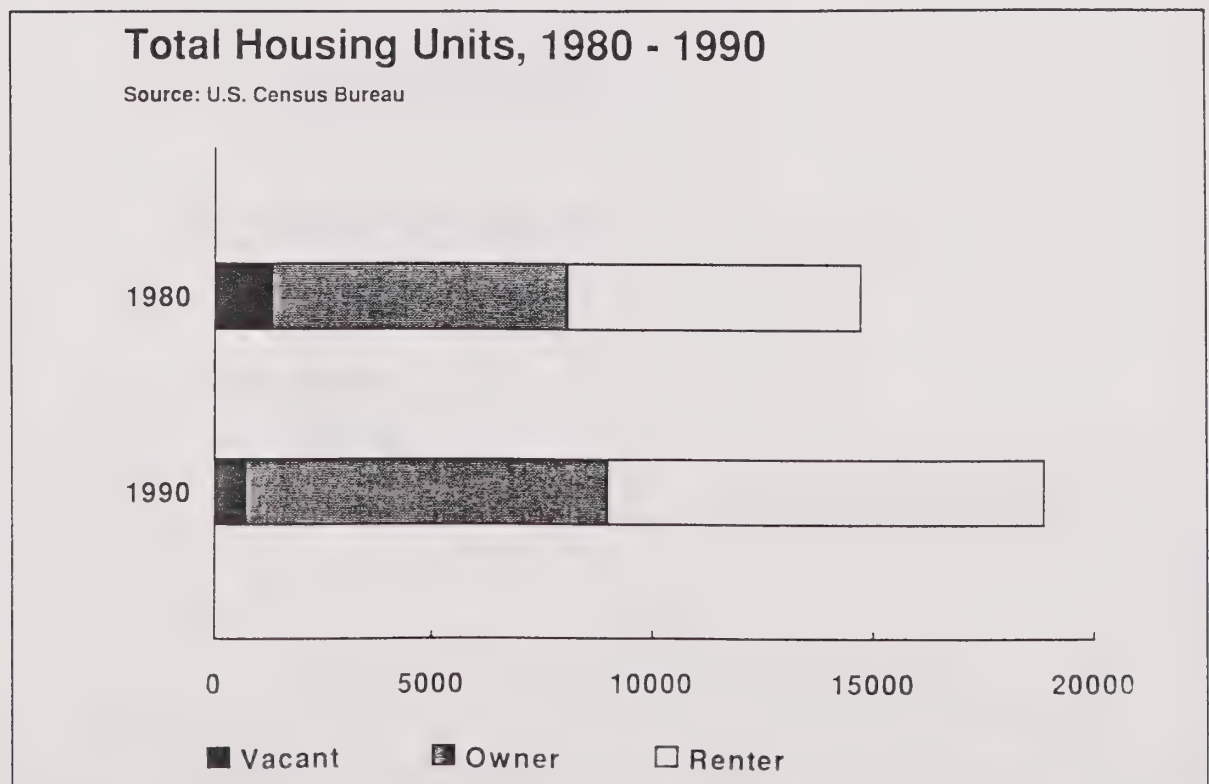
### Housing Supply, 1980 - 1990

The number of housing units in Merced increased 28 percent in the 1980s to a total of 18,848 units in 1990.

Citywide, the largest increase was in the number of renter-occupied units. From 1980 to 1990, the number of renter-occupied units grew from 6,623 to 9,877, a 49 percent increase. Owner-occupied units increased 22 percent.

By area, the largest increase in number of units was in North Merced, where more than 3,000 new units were added (a 57 percent increase). The smallest increase was in Central Merced (300 unit increase) while in South Merced the number of units increased 29 percent (630 units) to a total of 3,700 units.

One of the most interesting trends was the dramatic decrease in the vacancy rate citywide (9 percent in 1980 to 4 percent in 1990). This trend was particularly significant in South Merced where the vacancy rate dropped from 9 percent in 1980 to 2 percent in 1990. This trend is discussed in detail in *Vacancy Rates*.

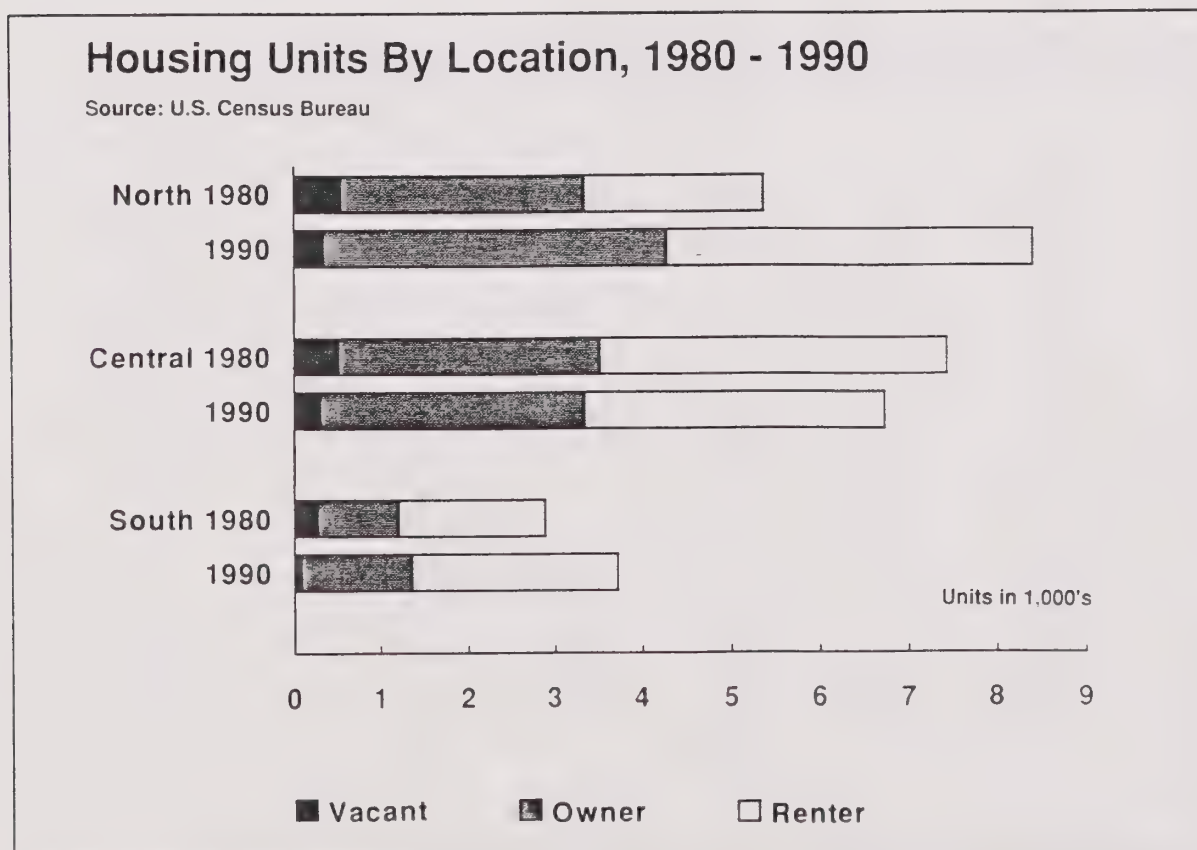


Total housing units in Merced, 1980 and 1990 (Source: U.S. Census Bureau).



### *Housing Units by Location and Tenure, 1980 - 1990*

	North Merced	Central Merced	South Merced	City Total
<b>1980</b>				
<i>Owner-occupied</i>	2802	3013	943	6758
<i>Renter-occupied</i>	2028	2911	1684	6623
<i>Vacant</i>	536	504	260	1300
<b>Total</b>	<b>5366</b>	<b>6428</b>	<b>2887</b>	<b>14,681</b>
<b>1990</b>				
<i>Owner-occupied</i>	3947	3044	1285	8276
<i>Renter-occupied</i>	4132	3388	2357	9877
<i>Vacant</i>	330	293	72	695
<b>Total</b>	<b>8409</b>	<b>6725</b>	<b>3714</b>	<b>18,848</b>



*Housing units in Merced by location and tenure, 1980 - 1990 (Source: U.S. Census Bureau).*





## Housing Authorizations, 1980 - 1990

The past ten years have witnessed the dual trends of **increasing construction of single family homes and decreasing construction of multi-family units** (apartments and condominiums).

The decrease in multi-family units construction is due, in part, to the tax law changes of 1986 that ended investment incentives for multi-family projects. As a result, it has been difficult in recent years to show a profit on multi-family rental projects due to construction costs and rent levels.

Between 1980 and 1990, the City of Merced approved building permits for the construction of **2,146 single family homes** and **2,749 multi-family units** (including condominiums), for a total of 4,895 new units.

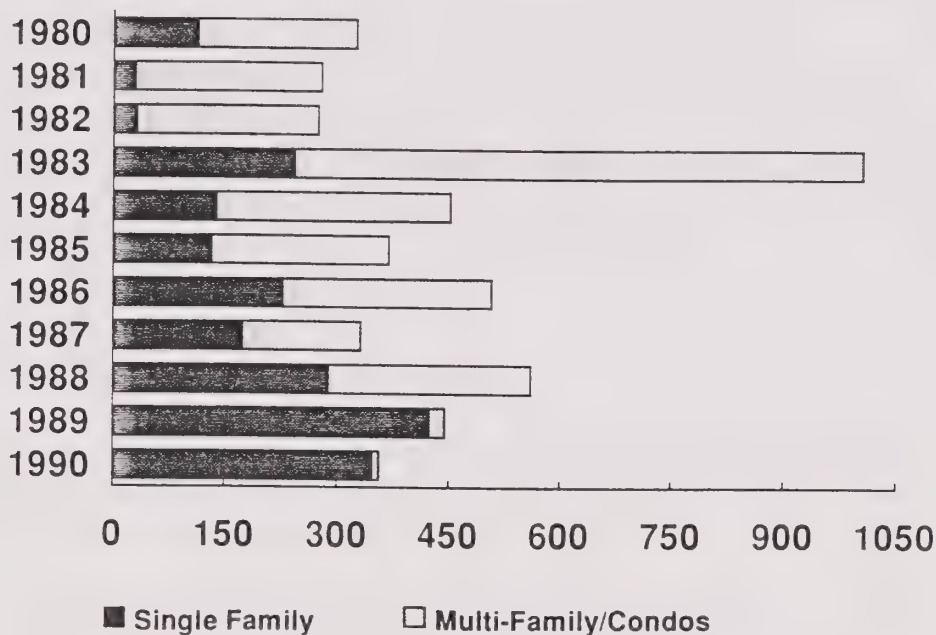
Based on these figures and the owner/renter breakdowns for 1980 and 1990, it seems that the number of single family homes occupied by *renters* has increased in the past ten years.

	Single Family	Multi-Fam./Condos	Total
1980	113	211	324
1981	29	249	278
1982	31	242	273
1983	243	762	805
1984	139	312	451
1985	132	236	368
1986	227	280	507
1987	174	156	330
1988	288	272	560
1989	423	21	444
1990	347	8	355
<b>Total</b>	<b>2,146</b>	<b>2,749</b>	<b>4,895</b>



## New Housing Authorizations, 1980 - 1990

Source: City of Merced



The chart above illustrates the number of single family and multi-family units which were granted building permits in the City of Merced between 1980 and 1990 (Source: City of Merced).

[NOTE: The discrepancy between the total authorizations between 1980 and 1990 and the increase in housing units reported in the census is attributed to the fact that not all authorized units were completed by the time of the census.]

### Housing Units by Type

The table on the following page presents information from the 1990 census for different types of housing in Merced. For each type, data is given for total units, occupied units, households population, vacancy rate and persons per household.

Single family detached homes are the predominant housing type in Merced and have the lowest vacancy rate, reflecting a high level of demand. The highest vacancy rate was reported in buildings with five or more units in the structure. However, this vacancy rate has likely decreased in the last two years (see *Vacancy Rates* discussion). Nonetheless, these figures reflect the desirability of single family detached housing among households in Merced.



Housing Type	Total Units	Occupied Units	Hhold Population	Vacancy Rate	Persons per Hhold
<i>Single Family Detached</i>	10634	10392	33359	2.28	3.21
<i>Single Family Attached</i>	913	880	2923	3.61	3.32
<i>2-4 Plexes</i>	2605	2539	8738	2.53	3.44
<i>5+ Units</i>	4042	3744	8646	7.37	2.31
<i>Mobile Homes</i>	771	727	1684	5.71	2.32

## Housing Conditions

The City conducted a **housing conditions survey** in the Fall of 1991. The table and map that follow illustrate the areas surveyed and the number of units in need of rehabilitation or demolition.

The house-to-house windshield survey considered the condition of each dwelling unit in terms of its foundation, roofing, siding, windows and exterior doors. Indoor conditions are not reflected in the survey figures. Based on staff observations, dwellings were scored and categorized as follows:

- **Moderate (Mod.)**  
*Moderate repair may be needed.*
- **Major**  
*Major repair or replacement may be needed.*
- **Demolition (Demo.)**  
*Replacement is needed.*

According to the survey results, there are **over 300 housing units in Merced in need of major repair or replacement**. Most of these units are located in Central and South Merced, primarily in the areas near Highway 99. **Nearly 1,200 units are in need of moderate repair**. In total, the survey identified more than 8 percent of the city's housing stock as in need of some repair or replacement.



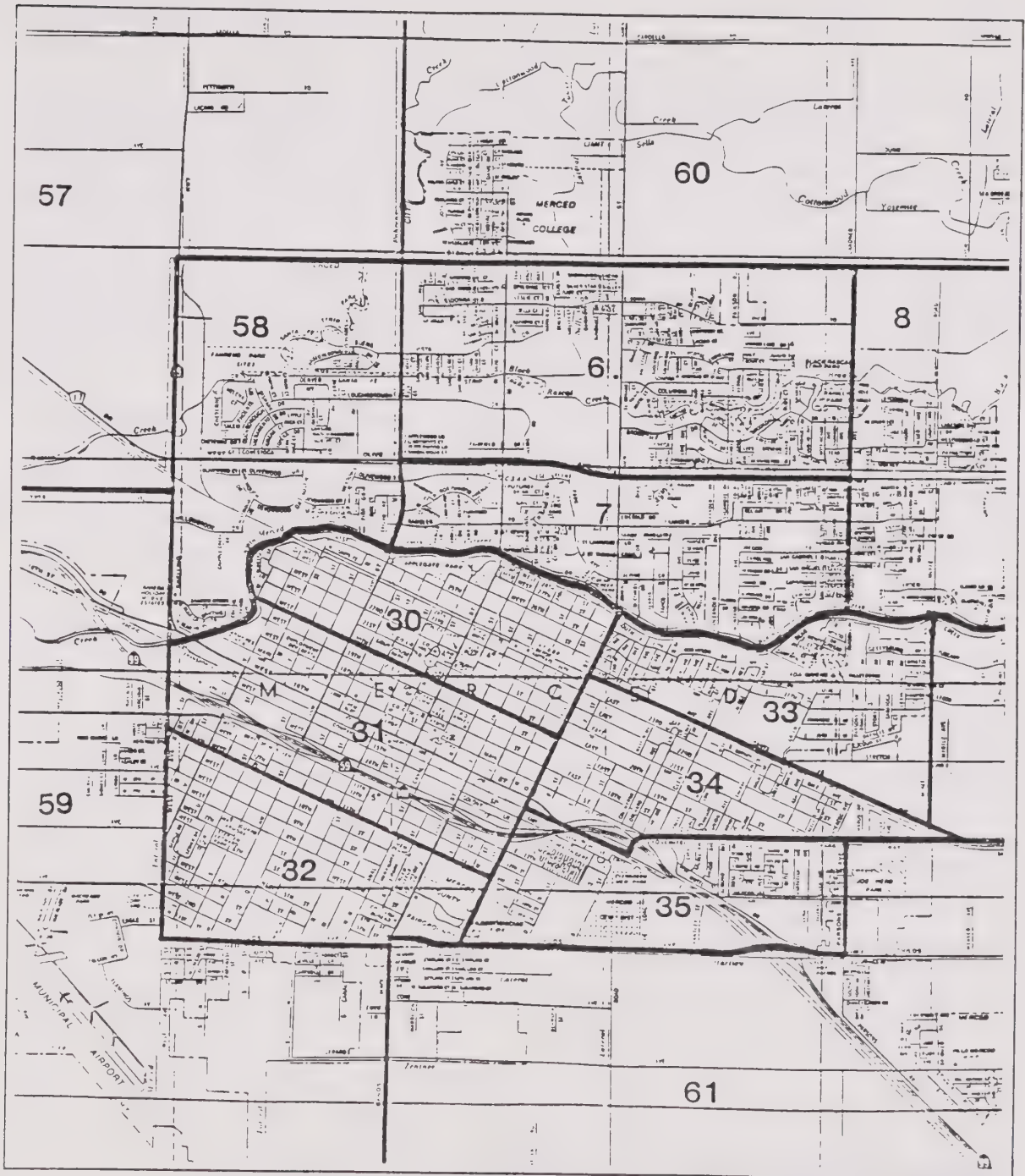


*Housing Conditions by Area, 1991*

Area	Mod.	Major	Demo.	Total
6	14	0	0	14
7	2	0	1	3
30	174	17	18	209
31	262	67	67	396
32	340	27	26	393
33	55	1	0	56
34	264	37	19	320
35	86	12	13	111
<b>Total</b>	1197	3161	144	1502

*Area designations refer to the map on the following page (Source: City of Merced).*





The map above illustrates the area designations (corresponding to city lot numbers) used in tabulating the results of the housing conditions survey.



## Housing Mix and Distribution

All of the data presented illustrate a significant imbalance in the mix and distribution of housing (and households) in Merced. **For nearly every measure—household income, housing conditions, overpayment, overcrowding, etc.—South Merced is "worse off" than the rest of the city.**

The tables and graphs presented here show the distribution of homes by value (for owner-occupied units) and rent (for renter-occupied units) in 1990. As can be seen, the vast majority of homes in South Merced are valued at less than \$100,000; the weighted median rent is \$320 compared with \$372 citywide.

The Housing Element aims to address the issue of housing mix and distribution—what types and costs of units should be encouraged where. However, in addition to consideration of a **desired "social mix,"** the city's housing policies also give consideration to **the cost of land and its impact on the cost of housing.**

### *Housing Value by Location, 1990*

	North	Central	South	Total
\$300K+	30	34	1	65
\$200-300K	132	60	9	201
\$150-200K	410	117	13	540
\$100-150K	1636	392	79	2107
\$50-100K	1252	1846	814	3912
<\$50K	42	145	242	429

Source: 1990 U.S. Census

### *Housing Rents by Location, 1990*

	North	Central	South	Total
\$750+	173	15	7	195
\$500-750	920	355	161	1436
\$350-500	2235	1023	717	3975
\$250-350	546	1347	676	2569
<\$250	222	590	737	1549

Source: 1990 U.S. Census

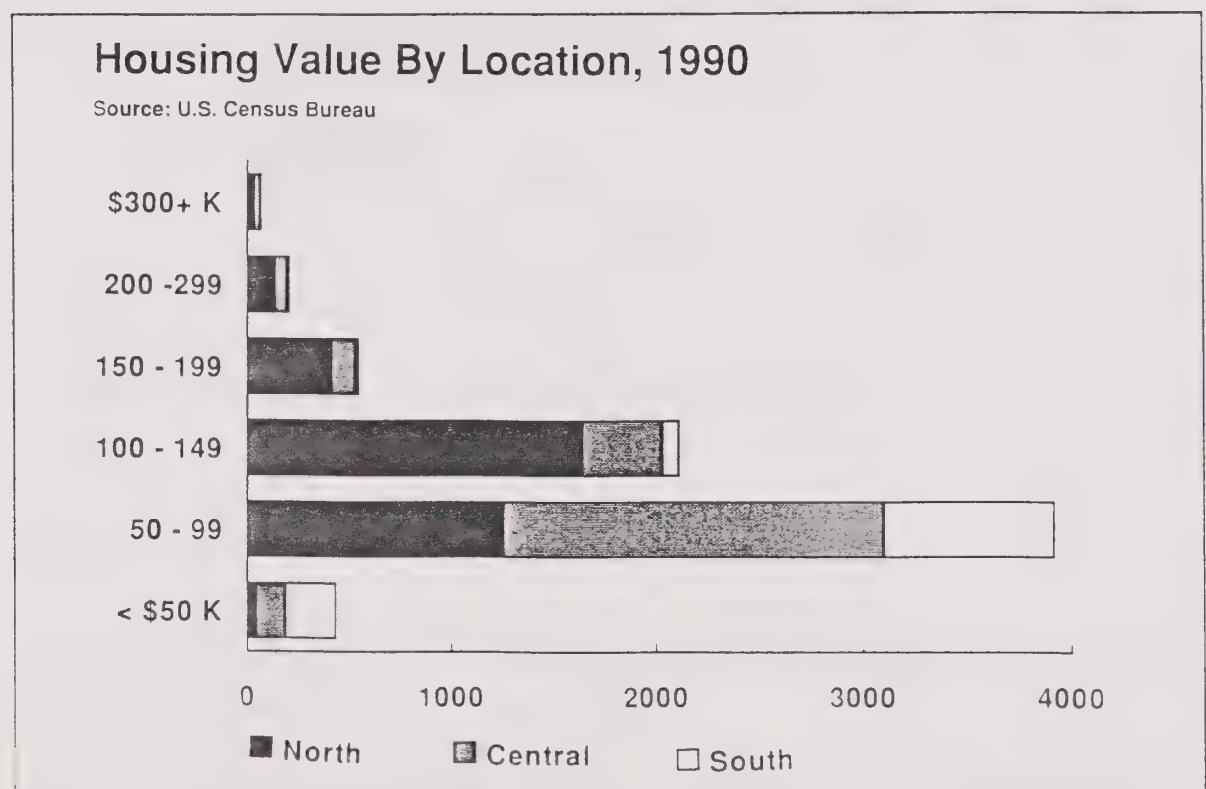




### Median Values and Rents by Location, 1990

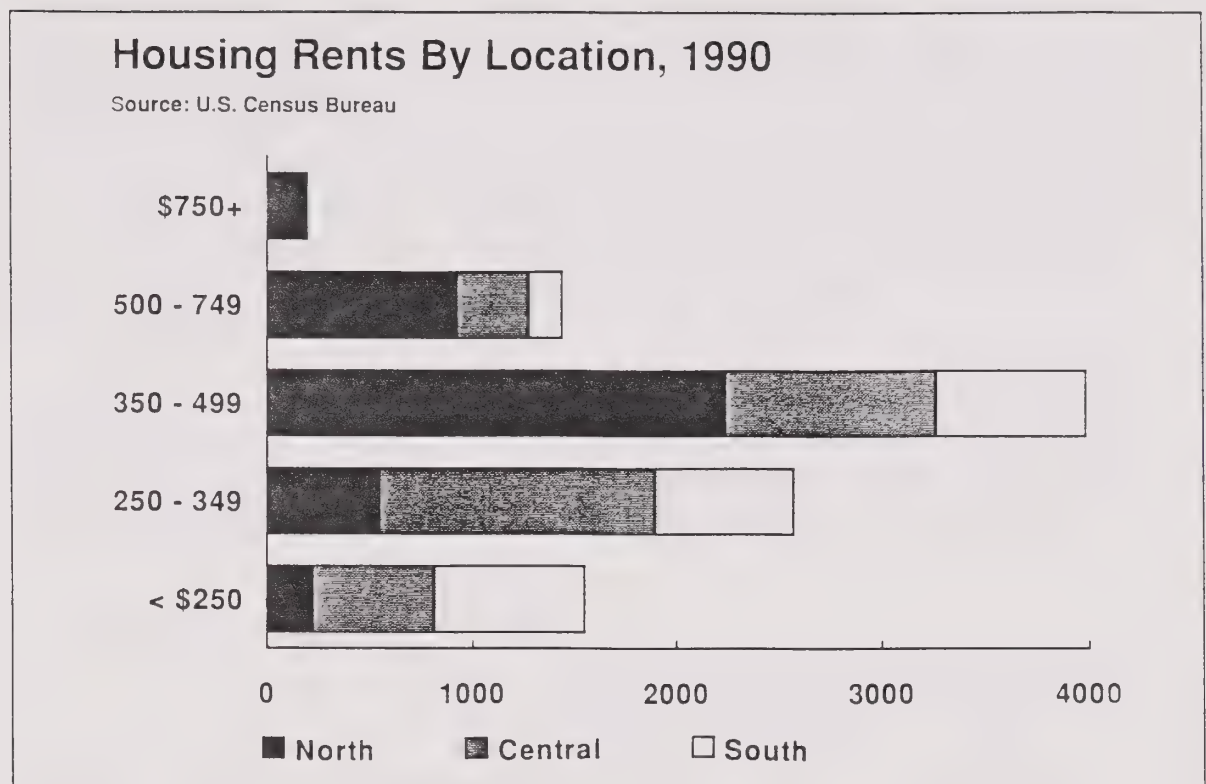
	Median Value	Median Rent
North	\$111,804	\$424
Central	\$ 80,508	\$331
South	\$ 65,722	\$320
Citywide	\$ 91,850	\$372

Source: 1990 U.S. Census; medians are weighted calculations from medians of each tract.



The chart above illustrates the 1990 distribution of housing **values** by city location.





*The chart above illustrates the 1990 distribution of **rents** by city location.*

## Vacancy Rates

Vacancy rates provide a quantifiable measure of housing demand. The rule of thumb is that a 4.5 percent to 5 percent vacancy rate indicates a good balance of supply and demand in the housing market.

Vacancy rates in Merced have dropped dramatically in the past ten years, from 9 percent in 1980 to 4 percent, citywide, in 1990. This rate is even lower in the South Merced area, where the 1990 census reported a 2 percent vacancy rate.

**In the past year, the vacancy rate has dropped even lower**, according to professionals in the city's real estate market. Many estimate the current vacancy rate for rentals in South Merced near zero percent. A search of *HomeFinders* (a rental listing agency) and the classified section of the *Merced Sun-Star* on November 1, 1991, confirmed these perceptions (*HomeFinders* listed only 3 units available in South Merced compared to 134 units in North Merced).



This critical situation may be attributed to a number of factors, including the impending closure of Castle Air Force Base. Families from the base who would normally buy a home in the Merced market are now renting because they will soon be restationed. This demand on the rental market is in addition to demand resulting from a soft buyers market (due to the recession, many people are not buying at this time) and an increasing number of households in the low and very low income categories. These demand factors coupled with relatively stagnant growth in development of new multi-family rental housing have created excess demand in relation to supply.

This situation will likely be alleviated (at least in the short term) subsequent to the base closure and the end of the recession. However, unless the development of new multi-family rental housing increases over levels of the past two years, the vacancy rate will likely remain abnormally low for rental units.

#### *Vacancy Rates, 1980 and 1990*

Area	1980	1990
North	10%	4%
Central	8%	4%
South	9%	2%
Citywide	9%	4%

Source: U.S. Census Bureau

#### **Overcrowding**

An overcrowded unit is defined as a housing unit with 1.01 persons or more per room. The table below shows the number of overcrowded units in Merced in 1980 and 1990.

The number of overcrowded units as a percentage of total units in the city increased substantially in the 1980s. This increase was particularly significant in South Merced, where 43 percent (1,569) of the units were overcrowded 1990. Of these South Merced units, 992 (more than 60 percent) were renter-occupied units with more than 2.01 persons per room (indicating extreme overcrowding).





Overcrowding is almost always directly related to housing affordability. A household that cannot afford housing based on its own income may "team up" with another household, combine incomes, and thereby be able to afford a housing unit. Quite typically, such households are composed of related individuals, living together in an extended family situation.

In some circumstances, households choose to live together in extended family situations regardless of income and housing costs. Such decisions are usually based upon cultural attitudes and norms. In the United States, it was once quite common for extended families to live together. Today, while it is no longer "mainstream" to live in large families, it is a tradition that remains strong in some communities. In these communities it may be important to provide housing units that respond to the needs of extended family living situations, thereby avoiding the creation of overcrowded housing units.

*Overcrowded Units (>1.01 Persons per Room)*

	1980		1990	
	#	% of Total	#	% of Total
<i>North</i>	85	2%	447	5%
<i>Central</i>	275	5%	1071	17%
<i>South</i>	605	23%	1569	43%
<i>Total</i>	965	7%	3087	17%

*Source: 1980 and 1990 U.S. Census.*



## C. Housing Affordability

Housing affordability is determined by the relationship between household income and housing costs. This section focuses on that relationship and quantifies the number of households in Merced for whom housing costs are unaffordable.

### Defining Affordability

The tables below and on the following page help establish the relationship between household income and ability to pay for housing. The figures assume 30 percent of gross household income spent on housing. The equation of "2.5 x Income" is used as a rule-of-thumb for translating income into affordable home prices.

These figures provide an important reference for discussions regarding affordability. In a community where the median income is estimated at \$25,000 the median home price is estimated at more than \$100,000, and rents for two-bedroom units are approaching and even exceeding \$600 (see *The Cost of Housing* on next page), it is clear that a large portion of the population cannot afford available housing units without paying more than 30 percent of their income.

### *Household Incomes and Affordable Rents*

Household Income	Annual Rent @ 30% of Income	Monthly Rent @ 30% of Income
\$10,000	\$3,000	\$250
\$12,500	\$3,750	\$313
\$15,000	\$4,500	\$375
\$17,500	\$5,250	\$438
\$20,000	\$6,000	\$500
\$22,500	\$6,750	\$563
\$25,000	\$7,500	\$625
\$27,500	\$8,250	\$688
\$30,000	\$9,000	\$750
\$32,500	\$9,750	\$813
\$35,000	\$10,500	\$875



### *Household Incomes and Affordable Home Prices*

Household Income	Price @ 2.5 x Income	10% Down/ 90% Mortgage
\$10,000	\$25,000	\$2,500/\$22,500
\$12,500	\$31,250	\$3,125/\$28,125
\$15,000	\$37,500	\$3,750/\$33,750
\$17,500	\$43,750	\$4,375/\$39,375
\$20,000	\$50,000	\$5,000/\$45,000
\$22,500	\$56,250	\$5,625/\$50,625
\$25,000	\$62,500	\$6,250/\$56,250
\$27,500	\$68,750	\$6,875/\$61,875
\$30,000	\$75,000	\$7,500/\$67,500
\$32,500	\$81,250	\$8,125/\$73,125
\$35,000	\$87,500	\$8,750/\$78,750

### **The Cost of Housing**

The tables on pages 26 and 27 provide information from the 1990 census on housing values and housing rents in the City by area. The median rent in North Merced was approximately \$424 while the median rent in South Merced was approximately \$320. The median rent in Central Merced was approximately \$331. Similar differences exist in home values between each area. The most valuable homes are in North Merced, where most new construction activity has been concentrated. The median home value in the North was \$111,804, while the median home value in the South was \$65,722.

While sales prices have not risen dramatically from the values reported in the census, interviews and a rent survey indicate that **rents are increasing**. A review of listings in the *Merced Sun-Star* and an on-line search by *HomeFinders* (one of the city's largest rental listing agencies) on November 1, 1991, showed **rents for 1-bedroom units ranging from \$325 to \$450, with most renting for about \$385. Two-bedroom units were listed from a low of \$425 to a high of more than \$600. Only one 3-bedroom unit was listed for less than \$600; most were listed for more than \$700.**

Rent increases are likely to continue in the near future. With vacancy rates near zero percent for rental units, particularly in the South Merced area, competition for the few units that are available may inflate rents further.





According to professionals in the construction and real estate industries in Merced, home prices have leveled off in the past year. Nonetheless, following a period of rapid price inflation in the late 1980s, home prices in Merced remain unaffordable to a vast majority of the city's population. A survey of home sales prices by the National Association of Home Builders showed that only 20 percent of the homes sold in Merced during the third quarter of 1991 were affordable to the median income household in Merced. This statistic ranked Merced as the "13th Least Affordable" housing market in the country. The San Joaquin Valley cities of Stockton and Modesto ranked 12th and 15th, respectively.

### Housing Overpayment

Compared to many California communities, home prices in Merced are not high. However, in relation to income levels in the City, they are extremely unaffordable (thus the distinction of being the "13th Least Affordable" housing market in the country).

An important measure of the imbalance between incomes and housing costs is the number of households who report paying greater than 30 percent of their income on housing (including utilities). These households are defined as having excessive housing cost burdens, or housing overpayments.

As shown in the tables below, nearly 20 percent of all owner households and nearly half of all rental households may be paying greater than 30 percent of their income on housing, demonstrating the large gap that exists for many households in Merced between household income and housing costs.

#### *Households Paying >30% of Income on Housing*

Households w/ Owner Costs >30% of Income				
	1979	% of Total	1989	% of Total
Total Hholds	1156	19%	1497	20%

Households w/ Renter Costs >30% of Income				
Area	1979	% of Total	1989	% of Total
Total	3116	48%	4879	48%

Source: 1980 and 1990 U.S. Census.



## Affordability by Area

The following table provides a general sense of housing affordability in each area of Merced. Based on median home prices and rents for each area and income distributions, **the table shows the number and percentage of households that would not be able to afford the median priced home or rent** (assuming 30 percent of gross income spent on housing).

Not unexpectedly, **South Merced has the highest percentage of households unable to afford the median home prices and rents** in that area of the city (this fact is also reflected in figures for housing overpayment and overcrowding). For owner housing, 71 percent of the households in South Merced could not afford the downpayment and mortgage on a median priced home. **North Merced also shows a high percentage of households unable to afford the median priced home** in that part of the city.

### *Households Unable To Afford Median Housing Prices and Rents, by Area*

	North	Central	South
<i>Median Home Price in Area</i>	\$111,800	\$80,500	\$65,725
<i>Required Income To Buy (@ 30%)</i>	\$44,720	\$32,200	\$26,300
<i># of Households Below Req. Inc.</i>	5030	3830	2526
<i>% of Households in Area</i>	64%	57%	71%
<i>Median Rent</i>	\$424	\$331	\$320
<i>Required Income To Rent (30%)</i>	\$16,960	\$13,240	\$12,800
<i># of Households Below Req. Inc.</i>	1758	1352	1359
<i>% of Households in Area</i>	22%	20%	38%

Source: U.S Census; National Planning Data Corp.



## Barriers to Affordability

As the preceding tables illustrate, ability to pay for housing is directly linked to household income, and household incomes in Merced are often below the level necessary to afford the cost of housing in the City.

The gap between household incomes and housing prices can be bridged in two ways: increasing incomes or decreasing prices. The first approach is the most attractive, but also the most difficult. Increasing incomes requires the development of jobs and a vibrant economy. While there is some promise for both of these in Merced (at least in the not-too-distant future) and while it is likely that incomes will increase for many in the city, there will continue to be a significant number of households in the community that are unable to afford a safe and decent home.

The emphasis of the *City of Merced Housing Element*, and the *Affordable Housing Action Plan* upon which it is based, is on strategies for both decreasing the cost of housing in the city and improving the quality of the existing affordable housing stock. These strategies include proposed changes in City land use policies that impact the cost of housing construction, joint ventures between the City and private or nonprofit developers to leverage public funds for the construction of new affordable housing, and various financial strategies to reduce the costs of construction and mortgage financing for affordable housing projects and for low-income, first-time homebuyers.

While there is great hope for these efforts by the City and by other agencies at the County, State and Federal levels, it is unfortunately not realistic to assume that these efforts will rid the City of its present housing affordability problems. The City of Merced has, and will continue to have, a large population of lower income households, many who have special housing needs. While the City's efforts will help to alleviate the problem of affordability for many, it will persist as a problem in the community into the foreseeable future.





## D. Special Needs Populations

The following text provides qualitative and quantitative descriptions of groups in the City of Merced that have special housing needs. In cases where quantitative information has been limited or unavailable, the analysis has relied upon information gathered through interviews with service providers and community residents.

The special needs populations addressed include Large Family Households, Single Parent Families, Seniors, Persons With Physical And Mental Disabilities, Farmworkers, and The Homeless.

### Large Family Households

Large families need large homes. In Merced, the 1990 Census counted **3163 households in Merced with 5 or more persons, representing nearly 18 percent of all households in the city.** Of these households, 67 percent (2147) are renters.

Although the census also counted approximately 9850 units in Merced with 5 or more rooms (indicating that units exist to meet the needs of large families), these **large units are unaffordable to many of the households who need them.**

#### *Family Households With 5 or More Persons, 1980 - 1990*

	1980	1990
<i>Owner Households</i>	911	1016
<i>Renter Households</i>	739	2147
<i>Total</i>	1650	3163

Cross-tabulations of income, housing cost and unit size are not yet available from the 1990 census. However, there are several indicators to consider. Interview results indicated general agreement among many in the community that there is a shortage of large, affordable units, both for sale and rent, to meet the needs of large households. These perceptions were reinforced by findings from reviews of *Home Finders* listings and classifieds in the *Merced Sun-Star* on November 1, 1991. *Home Finders* showed only five 4-bedroom housing units available in Merced, all of which were located in North Merced and had a median rent of \$800. The service showed only 4 units available in South Merced,



none of which had four or more bedrooms. The *Sun-Star* showed many 4-bedroom units available in North Merced, but none in South Merced (though many did not list addresses).

These indicators coupled with the very low vacancy rate for rentals in South Merced and the growing percentage of large families who rent rather than own indicates that there is a (perhaps severe) affordability gap for large households in need of large housing units. **This affordability gap for large family households contributes to the growing number of overcrowded units in Merced.**

### Single Parent Families

In 1990 there were 3,573 single parent families in Merced, representing **20 percent of all households in Merced**. Seventy-seven percent of single parent families were headed by a female.

Single parent families have special housing needs. From an affordability point of view, they tend to have **lower incomes** and thus tend to experience **higher rates of housing overpayment** than other types of households. This is because single parent families are typically limited to a single income and must often shoulder the cost of childcare in order to participate in the workforce.

In 1979, 42 percent of all female-headed households had incomes under the poverty level; more than half of these had children under the age of six. In 1989, there were 4392 female-headed households in Merced, with 2867 (65%) of those households living below the poverty line. Of those below the poverty line, 40 percent had children under age 6.

#### *Single Parent Families, 1980 - 1990*

	1980	1990
Total Single Parent Hholds	na*	5218
w/ Female Head of Hhold	1319	4392
Number Below Poverty Line	554	2867
% Below Poverty Line	42%	65%

Source: U.S. Census Bureau.

\* 1980 data tabulated for female-headed households only.



## Seniors

The number of individuals age 65 and over in the City of Merced grew from **3,381 in 1980 to 5,057 in 1990**. However, those numbers as a percentage of population remained relatively constant over the ten year period, remaining at approximately **9 percent of the population** in both 1980 and 1990.

### *Population Over Age 65, 1980 - 1990*

	1980	1990
<i>Total</i>	3381	5057
<i>Percentage of Population</i>	9.3%	9.0%

The size of Merced's senior population will continue to grow (and will represent a much larger portion of the population) in the coming years. As it does, the demand for housing that responds to the needs of seniors will also grow.

The **housing needs of seniors vary considerably with age and ability**. For many, particularly in the lower age ranges, their housing needs do not differ from those of the general population. However, for those experiencing physical difficulties or limitations, there are particular needs that must be responded to in both the location and design of their housing. These needs might include being near shopping areas and other services, having access to skilled nursing facilities, and having housing units that are single-story or elevator-equipped. For frail elderly, there must be adequate spaces available in skilled nursing facilities. In 1990 there were 347 individuals in nursing homes in Merced.

The issue of affordability is of particular importance to most seniors because they must live on **fixed incomes**. As housing costs rise, the cost burden on senior households increases. In 1980, 271 individuals age 65 and over were living below the poverty level, representing 9 percent of all seniors.

## Persons With Physical and Mental Disabilities

It is difficult to quantify this group due to the broad nature of the term "disability." People with disabilities can include people with hearing and vision loss, people with physical mobility problems, and people who are learning, mentally and emotionally disabled. These groups account for nearly 37 percent of the American population. Other disabled groups include the 10 percent of the





population who, on any given day, experience temporary disability (e.g., a broken leg) and 10 percent who are over the age of 65. In total, more than half of the American population is "disabled" on any given day.

If we apply these general percentages in Merced, **we can estimate a permanent "disabled" population of 20,800 individuals** plus the 5000 seniors discussed on the previous page.

In relation to housing, **people with disabilities have special needs related to design that vary according to the type and severity of disability.** Meeting these needs is difficult, however, when factoring in the issue of affordability. **People with disabilities often have limited incomes** as a result of difficulties in obtaining and retaining well-paying jobs due to discrimination and, in some cases, due to physical limitations; finding housing that is both design-responsive and affordable is often an impossible task.

In addition, many people with disabilities require supportive housing arrangements (i.e., housing where support services are readily available). This is particularly important for people with mental disabilities who are re-entering the community from an institution and for people who have disabilities which make independent living difficult. In Merced, services for people with mental disabilities are provided by the Merced County Mental Health Advisory Board. The Board is currently working on a study to document the mental health needs in the Merced community.

### **Farmworkers**

**Agriculture is the largest industry in Merced County**, employing a monthly average of 11,850 individuals in 1990 (accounting for 21 percent of employment in the County that year). If we assume a distribution of farmworker population in accordance with overall population distribution in the County, we can **estimate a monthly average of 3,500 farmworkers residing in the City of Merced.**

The seasonal nature of agricultural employment places special demands on the area's housing stock—i.e., it must absorb seasonal fluctuations in the number of individuals and families seeking housing. In 1990, monthly agricultural employment fluctuated between approximately 7,000 (Feb.) and 16,700 (Sep.), representing a **potential migrant farmworker population of 9,700 wage-earners plus their families.** This represents a maximum potential, however, since seasonal labor can also be drawn from the county's year-round population.



There are **5 State Migrant Centers** in Merced County, i.e., housing units that are constructed and managed by the State, through the County Housing Authority, to house migrant farmworker families. These centers are located in Merced, Los Banos, Cortez, Atwater/Livingston, and Planada. In total, they provide 290 units for occupancy between the months of May and November. The Merced center has 50 units. In addition, there are **55 private farmworker camps** in the County that are licensed by the State. There are no accurate figures on the number of units provided by these camps, but it is certain that the total number of units available is considerably less (by thousands) than the number needed.

Given the circumstances of migrant farm labor, it is difficult to determine the full extent of unmet demand for farmworker housing. However, **at State Migrant Centers, 92 farmworker families were turned away** on opening day last year, representing 25 percent of those families seeking migrant housing at the centers. Manuel Castro of the California Office of Migrant Services says that based on his experience of the past twenty years, most families who are unable to obtain housing at the centers will seek shared housing with friends or relatives; virtually all are unable to afford market rents. This would help account for the **high occurrence of overcrowded units** in the city, particularly in South Merced.

The quantitative aspects of farmworker demand for housing is often overshadowed by the qualitative characteristics of the housing they occupy. Because most farmworker families have low or very low incomes, the segment of **the housing stock they occupy is typically substandard** (and as previously mentioned, overcrowded). Many farm labor camps consist of mobile homes, trailers, and literal "sheds" that are typically in substandard condition. The alleyways of South Merced give testimony to similar housing conditions.

## **The Homeless**

There were **64 "homeless" individuals in emergency shelters in Merced during the 1990 census count**. The census did not count any individuals in street locations.

It is likely that these figures are an undercount of the actual homeless population in Merced (1990 census figures for the homeless have been disregarded by many as a significant undercount). This is because of the difficulty in achieving an accurate "count" of homeless individuals and because of the many "hidden homeless" in Merced—people who are without homes of their own and are living in overcrowded units with relatives or friends rather than on the street.





The Emergency Shelter Program operated by the Merced County Housing Authority reported serving 597 adults and children in 162 families during a twelve month period between November of 1988 and November 1989. It is likely that the number of families being served by this program has grown in the two years since that time.

While "homelessness" is not currently perceived as a visibly critical issue by many, housing statistics for overcrowding and information from interviews with individuals providing services in the city indicate that **many people in Merced may be considered "hidden homeless."** In addition, the growing number of low and very low income households coupled with rising housing costs and a tight rental market means that **an increasing number of households in Merced are in danger of becoming homeless** in the near future.

At present, there is need for improved shelter and housing services for Merced's homeless population. While the City's Armory is opened by the State to provide shelter during the winter months, it is not available year-round. In addition, there is not, at present, a transitional housing facility to provide longer term, supportive housing for families and individuals who are homeless and trying to re-enter the housing and job markets. The City of Merced *Affordable Housing Action Plan* states the City's intention to work with other agencies in the City and County to develop both a permanent emergency shelter and a transitional housing facility to meet the needs of Merced's homeless population.

Emergency shelters and transitional housing may currently be approved as a conditional use on any parcel zoned R-3 or R-4. At present, there are 207.1 vacant acres of land in the city zoned for these two use districts within the city limits.

Due to the needs of people seeking the services of an emergency shelter facility, it would be preferable for such a facility to be located close to the center of Merced. This will ensure easier access to transportation, jobs, and other support services. In the Central Merced area (north of Highway 99 and south of Bear Creek), there are 7.4 acres of land zoned for R-3 use. These sites will provide the best potential for development of an emergency shelter or transitional housing facility. However, there are also possibilities for rehabilitation of an existing building or redevelopment of an already developed site. These possibilities must be pursued in consultation with the private owners of these sites and/or the Merced Redevelopment Agency.





## E. MCAG Regional Housing Needs Determinations

The Merced County Association of Governments (MCAG) has produced housing need figures for Merced through the year 1997, as required by State law. These figures are provided for each city in the county and are broken down by income category. The City reviewed and approved these figures in 1991.

MCAG's determination of existing and projected regional need for housing, and the local shares of such need, take into account: the market demand for housing; employment opportunities; availability of suitable sites and public facilities; commuting patterns; type and tenure of housing; and housing needs of farmworkers.

The table below shows the MCAG housing needs determination for 1990 - 1997 by income group. It seeks to equalize the distribution of household incomes in each County community to the following percentage breakdown: 24 percent Very Low Income; 19 percent Low Income; 21 percent Moderate Income; and 36 percent Above Moderate Income. Based on this percent distribution, the table below shows total new units that will be needed to accommodate projected population growth, normalization of vacancy rates, and replacement of housing units that are anticipated to be lost due to demolition.

*Anticipated Need for New Units, 1990 - 1997  
Based on MCAG Projections*

	Very Low Income	Low Income	Moderate Income	Above Moderate	Total Need
<i>Number</i>	2038	1614	1784	3058	8494
<i>Percentage</i>	24%	19%	21%	36%	100%

As discussed previously, the population projection of the MCAG Regional Housing Needs Plan was developed prior to the announcement that Castle Air Force Base will be closed in 1995. Thus, it is likely that the high rate of growth anticipated in the MCAG projection will not materialize in the 1990 - 1997 time period. Thus, it is also likely that the actual need for new housing units will be lower than that anticipated in the Regional Housing Needs Plan.



The following table provides estimates of the anticipated need for new housing units based on the revised population projection in the "Economic Report on the Projected Closure of Castle Air Force Base" (June 24, 1991) prepared by the Castle Air Force Base Task Force 2000. It applies the same percentage distributions of income as those used in the Regional Housing Needs figures.

*Anticipated Need for New Units, 1990 - 1997*  
*Based on Castle AFB Closure Impact Projections*

	<b>Very Low Income</b>	<b>Low Income</b>	<b>Moderate Income</b>	<b>Above Moderate</b>	<b>Total Need</b>
<i>Number</i>	784	621	686	1176	3267
<i>Percentage</i>	24%	19%	21%	36%	100%

Because the Regional Housing Needs Plan has been formally adopted by the city, county and state, it will continue to guide the planning activities of the City, including the Housing Element. The figures based on the projected impact of the base closure are provided as information only. They serve as a lower bracket for projected growth in the City through the year 1997.



## F. Vacant Land Inventory and Housing Development Potential

A critical factor in meeting the future housing needs of Merced is ensuring that there is adequate land available for residential development in the city.

As part of the General Plan Update process, city staff recently completed an inventory of vacant land that is zoned for residential development. This land includes parcels within the existing city limits as well as within the city's Specific Urban Development Plan (SUDP). These areas are within the city's planning jurisdiction and are contiguous with the land area for which the city's regional housing need has been calculated.

The tables on the following two pages list the gross acres in each area of the city with a breakdown by zoning density. The first table lists sites that are within the existing city limits of Merced, the second table lists sites that are outside the city limits but within the SUDP boundaries, and the third table provides a summary of all sites combined. The map on the page following the tables indicates the location of each area identified in the tables.

The following is a summary of the total estimated residential development potential based on existing zoning in the city limits and the SUDP. The dwelling unit potentials are calculated based on the gross acres in each zoning category with adjustments for off-site improvements such as roads, sidewalks and park dedications.

### *Current Housing Development Potential, 1992*

Land Use and Housing Type	Number of Gross Acres	Density Range (units / gross acre)	Estimated Dwelling Unit Potential
<i>Low Density</i>	2061.5	2 - 6 units/acre	3093 - 9277 units
<i>Low-Medium Density</i>	244.8	6 - 12 units/acre	1103 - 2126 units
<i>High-Medium Density</i>	219.0	12 - 24 units/acre	1971 - 3942 units
<i>High Density</i>	1.1	24 - 36 units/acre	20 - 40 units
<b>Total</b>	<b>2526.4</b>		<b>6,187 - 15,385</b>

Source: City of Merced Planning Department; Moore Jacofano Goltsman, Inc.





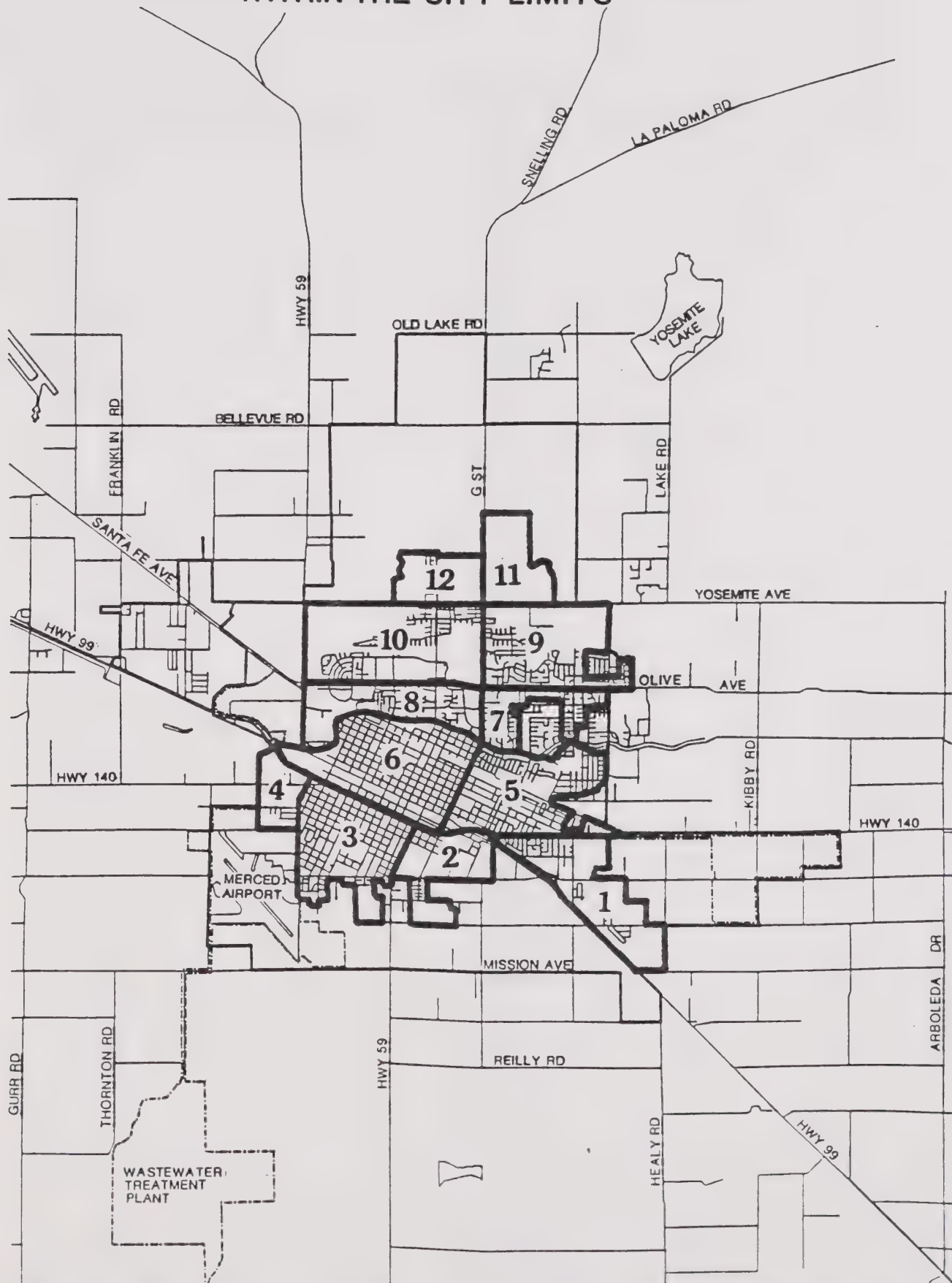
## Inventory of Vacant Residential Sites by Location

### *Sites Located Within City Limits*

Location		Acreage by Density					D.U. Potential By Density (min/max)				
		LD	LMD	HMD	HD	TOTAL	LD	LMD	HMD	HD	TOTAL
1	S of 140/N of 99	105.2	24.8	0	0	130	158/474	112/224	0	0	270/698
2	S of 99/E of 59	55.8	0	4.0	0	59.8	84/251	0	36/72	0	120/323
3	S of 99/W of 59 E of West	54.6	0	12.9	0	67.5	82/246	0	116/232	0	198/478
4	S of 99/W of West	65.1	0	0	0	65.1	98/293	0	0	0	98/293
5	N of 99/S of Bear Creek/ E of G	14.1	12.5	1.6	0	28.2	21/64	57/113	15/29	0	93/206
6	N of 99/S of Bear Creek/W of G	1.2	1.4	5.8	0	8.4	2/6	7/13	52/104	0	61/123
7	N of Bear Creek/ S of Olive/W of G	2.0	3.5	1.5	0	7.0	3/9	16/32	14/27	0	33/68
8	N of Bear Creek/ S of Olive/W of G	18.5	20.1	42.6	1.1	82.3	28/84	90/181	383/767	20/40	501/1072
9	N of Olive/S of Yosemite/E of G	183.6	27.4	14.2	0	225.2	275/826	123/247	128/256	0	526/1329
10	N of Olive/S of Yosemite/W of G	181.8	22.5	54.8	0	259.8	273/818	101/202	493/986	0	867/2006
11	N of Yosemite/ E of G	226.7	9.6	68.6	0	304.9	340/1020	43/86	617/1235	0	1000/ 2341
12	N of Yosemite/ W of G	0	11.3	0	0	11.3	0	51/102	0	0	51/102
	<b>TOTAL</b>	<b>908.6</b>	<b>133.1</b>	<b>206.0</b>	<b>1.1</b>	<b>1430.4</b>	<b>1364/ 4091</b>	<b>600/ 1200</b>	<b>1854/ 3708</b>	<b>20/ 40</b>	<b>3838/ 9039</b>



# VACANT RESIDENTIAL SITES LOCATION WITHIN THE CITY LIMITS



CITY OF MERCED

- CITY LIMITS
- SUDP BOUNDARY

CITY OF MERCED  
PLANNING DEPARTMENT



0 4000 8000 16000 FEET

June 1992



*Sites Located Within the SUDP Boundaries, Outside City Limits*

Location		Acreage by Density					D.U. Potential By Density (min/max)				
		LD	LMD	HMD	HD	TOTAL	LD	LMD	HMD	HD	TOTAL
1	S of 99	383.6	3.3	3.0	0	389.9	575/ 1726	15/30	27/54	0	617/ 1810
2	N of 99/E of G	297.3	23.4	0	0	320.7	446/ 1338	105/211	0	0	551/ 1549
3	N of 99/W of G	472.0	85.0	10.0	0	567.0	708/ 2124	383/765	90/180	0	1181/ 3069
<b>TOTAL</b>		<b>1152.9</b>	<b>111.7</b>	<b>13.0</b>	<b>0</b>	<b>1277.6</b>	<b>1729/ 5188</b>	<b>503/ 1006</b>	<b>117/ 234</b>	<b>0</b>	<b>2349/ 6428</b>

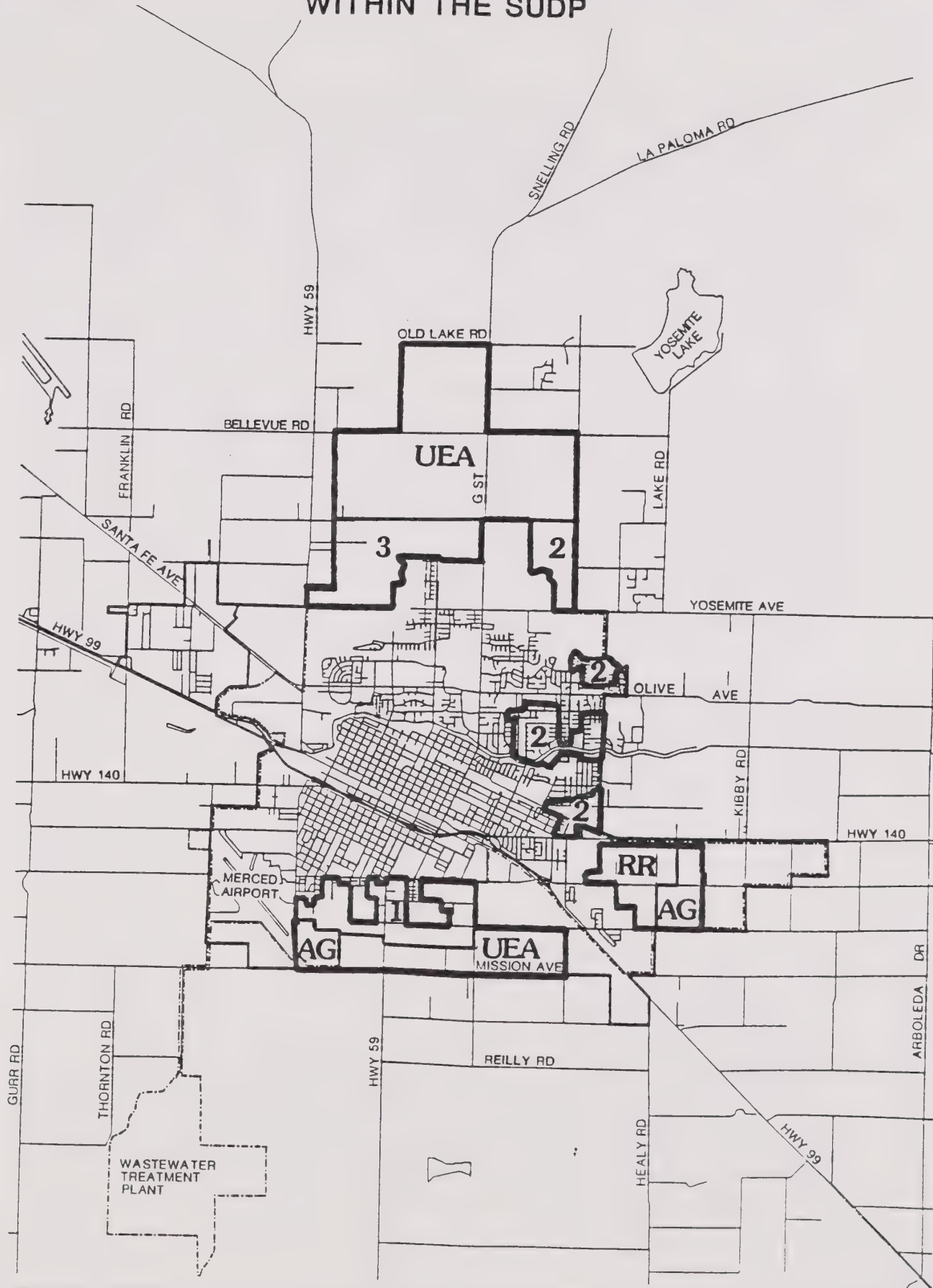
*Total Sites Within the City Limits and the SUDP Boundaries*

Location		Acreage by Density					D.U. Potential By Density (min/max)				
		LD	LMD	HMD	HD	TOTAL	LD	LMD	HMD	HD	TOTAL
Within City Limits		908.6	133.1	206.0	1.1	1247.7	1364/ 4091	600/ 1200	1854/ 3708	20/ 40	3838/ 9039
Within SUDP Boundaries		1152.9	111.7	13.0	0	1277.6	1729/ 5188	503/ 1006	117/ 234	0	2349/ 6428
<b>TOTAL</b>		<b>2061.5</b>	<b>244.8</b>	<b>219.0</b>	<b>1.1</b>	<b>2526.4</b>	<b>3093/ 9279</b>	<b>1103/ 2206</b>	<b>1971/ 3942</b>	<b>20/ 40</b>	<b>6187/ 15,467</b>





# VACANT RESIDENTIAL SITES LOCATION WITHIN THE SUDP



**CITY OF MERCED**

- CITY LIMITS
- SUDP BOUNDARY

CITY OF MERCED  
PLANNING DEPARTMENT



0 4000 8000 16000 FEET

June 1992



As the preceding tables show, the predominant zoning of vacant residential sites in Merced is for single family, low density development (accounting for over 80 percent of the zoning for vacant residential sites). The remaining vacant land is zoned almost equally between low-medium density zoning and high-medium density zoning. These zoning categories allow development of duplex dwellings and multi-family apartment structures of up to 24 units per acre. There is only 1 acre of vacant land in the city that is zoned for high density residential development since this zoning density is considered to be out of scale with the existing land use patterns of Merced.

The city's existing zoning designations reflect the desire of residents to maintain Merced's physical character and livability as a lower density, family-oriented community. However, city planning staff and decisionmakers must continually balance this desire against the need for an adequate supply of affordable family housing. The most recent action by the city in this regard was approval of an R-1-5 zoning designation that allows for development of single family homes on lots of 5,000 square feet. The previous minimum lot size for R-1 areas was 6,000 square feet. The proposed Housing Action Plan and Housing Element includes a number of other actions that will support increased densities in residential areas in order to encourage the development of more affordable housing.

According to the projections of the Merced County Association of Governments, there will be a total need for approximately 8,500 new dwelling units in the city of Merced's SUDP by 1997. Approximately 5,400 units will be needed to house low and moderate income households. However, projections made since the closure of Castle Air Force Base was announced are significantly lower, indicating that approximately 3,250 new units will be needed by 1997, with approximately 2000 of these households falling in the lower and moderate income categories.

The tables on the preceding pages show the range in the number of units that can be supported by vacant land under the city's current zoning. Calls to several developers and contractors of recently approved or completed projects in Merced indicated that most new developments are being planned at the middle to upper range of these allowable densities. If such patterns continue over the coming five year period, there will be adequate land available under existing zoning to meet the city's overall housing needs. Land that is zoned for high-medium density (multi-family construction) will provide development capacity for nearly 4000 units, while land that is zoned for low-medium density (duplex construction) will provide development capacity for over 2000 units.





The phone calls to local developers also pointed to disturbing trends in housing construction in Merced. While thousands of single family and multi-family units have received various approvals from the city (conditional use permits, tentative site map approval, planning commission approval, etc.), relatively few units (particularly multi-family units) have actually been constructed in recent years.

The current economic recession has reduced demand for new homes and has dramatically reduced lending capital for real estate ventures. Developers and contractors complain that sales have been extremely slow on new units and that little money is available for new projects. Multi-family projects that would help meet the affordability needs of lower income households have been particularly hard hit. The tax law changes of 1986 (that removed the tax incentives for investment in rental housing construction) combined with the current scarcity of lending capital make it highly unlikely that any large-scale rental projects will be undertaken in the city in the near future, regardless of the zoned densities.

The slow-down in housing construction could point to a potentially imminent housing shortage in Merced when viewed in light of the MCAG projections. However, the countervailing trend of slower population growth and the closure of Castle Air Force Base are very likely to offset the decreased rate of construction and result in a much lower actual housing need figure than that which has been projected.

The economic slow-down in California has slowed the rate of in-migration to Merced. While growth in the 1980s was fueled primarily by new arrivals to the city, several local realtors and developers have stated that the majority of new home sales are now being made to families who are moving within the local housing market to larger or better-located units. At the same time, closure of Castle Air Force Base will profoundly impact the local housing market in the 1992-1997 time period by decreasing housing demand.

Another dimension of housing that must be considered in regard to zoning is affordability. Since land costs contribute substantially to the costs of new housing, the allowable density of development can impact affordability. Zoning designations that allow for more units per acre can contribute to reduction of overall construction costs and thus help reduce housing prices and rents.

For example, a typical price for a 10,000 square foot lot in North Merced is approximately \$60,000. If the lot is zoned for Low Density development (R-1), it could be used to develop one home, and the per-unit land cost would be \$60,000. If R-1-5 zoning is applied to the lot, two homes could be built on the lot and the per-unit land cost would drop to \$30,000. If the same lot is zoned for High Medium Density (R-3), it could be used to develop 5 to 6 units, bringing the per-unit land cost down to \$10,000 to \$12,000.





Thus, each successive increase in zoning density can significantly impact the per-unit land cost of housing construction. However, the realities of the urban land market are much more complex. For instance, the act of increasing the allowable density on a parcel of land can have the effect of inflating the market value of that land (because it has more value to potential developers). In addition, there is no guarantee that the savings that might result from increasing the allowable densities would be passed on to homebuyers or renters. Home sales prices and rents are determined by many factors, particularly location. Smaller homes on smaller lots may still be priced in an unaffordable range if they are in a highly desirable neighborhood. Traditional zoning practices by themselves cannot alter these market forces.

At present, the City's zoning seems to support affordability goals. There are no indications that zoning or land availability are adding unreasonable expense to housing construction and therefore to home prices and rents. A review of recent multi-family projects completed in Merced shows that rents being charged in new units remain affordable to families at 80 percent of the county's median income. For example, a recent duplex project on K Street is currently renting two 4-bedroom units for \$600 per unit, well below the \$680 that a family of 5 or the \$731 that a family of 6 (with an income at 80 percent of the county median) could be expected to pay towards rent. Likewise, another recent duplex project on South 13th is renting 3-bedroom units for approximately \$475, well below the affordability threshold for a family of 5 at 80 percent of median. The same affordability measure holds true for one of the only large multi-family developments in the City in recent years. The Willowbrook Apartments (containing 8 1-bedroom units, 56 2-bedroom units, and 16 3-bedroom units) are renting at \$390 for 1-bedrooms, \$475 for 2-bedrooms, and \$590 for 3-bedrooms. Again, these rents fall within the affordability range of families at 80 percent of the county median. In addition, the Willowbrook project utilized financing from the California Housing Finance Agency (CHFA), resulting in 20 percent of the units (16 units total) being set aside for Very Low Income renters.

The policies and programs included in the *City of Merced Housing Action Plan* and *Housing Element* will continue to support affordability through measures that will increase the allowable densities in appropriate areas of the city (through Program A-1a) and link increases in allowable densities with guarantees from project developers that the resulting savings will be passed on to home buyers and renters (Program A-3a). There are also programs to encourage use of the Residential Planned Development zoning designation (Programs A-1b and A-1c), which allows developers to work with the City in designing higher density projects that meet neighborhood needs. The remaining programs in Policy A-1 also support increased residential densities.



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Probably the most powerful program included in the *City of Merced Housing Action Plan* and *Housing Element* is Program A-4a, "Participate in Joint Development Agreements." This program will allow city staff to provide the necessary lending capital and other financial incentives to support the construction of multi-family units and housing to meet special needs. In combination with density increases, this program will provide an effective mechanism for the City to use in encouraging the construction of quality, affordable housing to meet the needs of lower income residents.



## **G. Housing Development Constraints**

While the supply of land plays a critical role in supporting or hindering new housing development, a number of other factors also contribute to the ease or difficulty in which the private sector is able to respond to housing demand. The following narrative describes some of the potential constraints to new housing development in Merced and how the Housing Element and other city planning efforts hope to address them.

### **Infrastructure Constraints**

Residential development requires a number of services, including water, sewer, gas, electric and phone, as well as fire and police protection, roadways, sidewalks, public transit, sanitation and schools. These services carry significant costs for the city that, invariably, must be paid by local taxpayers. Such costs can be particularly high (per unit), in low-density patterns of residential development.

Merced's high growth rate during the past ten years has had considerable impact on city services. Nearly every school facility in the city is currently at or above capacity, and the school district is currently planning its expansion program for the coming ten to twenty years based on anticipated high rates of growth in family households in the City. Likewise, fire, police, sanitation and other services anticipate increased demand and major service expansion in the coming ten years.

At present, primary infrastructure is provided to nearly all developable land in the City. Infrastructure improvements for new developments are provided by developers through requirements in the City's Subdivision Ordinance and through development fees. The recent expansion of the City's wastewater collection system has been an important contribution to maintaining an adequate level of service to support new development.

Long range planning efforts currently underway in the City will help ensure that City services are maintained and expanded at a rate commensurate with new development. These efforts include the update of the City's General Plan, including the Land Use Element, and the Merced 2030 plan, which is considering growth alternatives for the City on a 40-year horizon. In particular, the Merced 2030 plan may have a substantial impact on the direction and character of new infrastructure development (primarily roads) that could potentially support higher densities of housing development.





Thus, while infrastructure constraints do not present a "constraint" to residential development at this time, they do contribute to both the cost and character of new housing construction. The high cost of providing these services to low-density developments contribute to the cost of new residential developments, particularly in the North Merced area. In South Merced, where development is more in-fill in character, provision of these services is less costly, but significant nonetheless.

If the Merced 2030 Plan results in a more clustered approach to land use and infrastructure development, it may contribute to lowering the relative per-unit cost of these services for new housing development.

### **Market Constraints**

The private housing market is affected by a number of factors that fall outside the jurisdiction of the city, state or federal government. These market factors include land costs, construction costs and financing costs.

Land is often the largest single factor in housing development, apart from actual construction. In Merced, the increase in housing costs during the past ten years has been largely driven by inflation in the cost of land. This is particularly true in North Merced, and accounts for the value differential between North and South Merced. Today, a 10,000 square foot lot in North Merced may cost more than \$60,000 while a similar lot in South Merced costs \$35,000.

While land costs vary with location within the housing market, construction costs apply to the entire market area, but vary with quality and materials. Current estimates of per-foot construction costs in Merced are approximately \$65 per square foot for a custom-built home and \$45 per square foot for non-custom construction.

The last area associated with potential market constraints is financing costs and availability. These are the costs associated with borrowing money for both construction and mortgage financing, including loan fees and interest. At present, these costs have fallen due as part of a federal effort to reduce interest rates and stimulate development. As local, state and national economic conditions improve, these costs will rise again. However, at present, the constraint is linked to the availability of financing rather than its costs. Due to real estate losses experienced by many banks, it has become increasingly difficult to qualify for real estate financing. These conditions are likely to change, however, as the economy improves.



Other costs factors arising from the market include profit and appreciation. While these costs do not necessarily represent a constraint, they do contribute to the lack of housing affordability in Merced.

The 1992 Housing Element proposes several programs intended to address some of these market constraints, including joint development efforts between the City and private developers, in which the City provides low-interest financing or financial contribution to write-down land or construction costs. In addition, the increased residential densities proposed in the 1992 Housing Element will make it possible to reduce the per-unit costs of land for new developments.

### **Governmental Constraints**

Governmental controls and regulations can constrain new residential development through either the requirements they impose or the manner in which those requirements are enforced. The process of developing the 1992 Housing Element has considered the constraints imposed by the City's land use controls, permit approval process, and permit fees.

#### *Land Use Controls*

The City of Merced regulates the use of land in the City through the General Plan and Zoning Ordinance. The General Plan provides a longer term, strategic perspective on the City's land use, while the Zoning Ordinance implements the General Plan, providing greater specificity on densities, height limits, yard requirements, etc.

In regard to housing, the Zoning Ordinance establishes four categories of residential zoning districts (R-1 through R-4) in addition to the newer Residential Planned Development zoning district. The R-1 zoning district is the most common zoning designation in the City. It is also the lowest density designation for residential zoning. R-1 designations can range from R-1-5 (5,000 square foot lot minimum) to R-1-20 (20,000 square foot lot minimum). The R-1-5 minimum was recently approved by the City to allow single family construction on lots smaller than 6,000 square feet (the previous minimum lot size).

The requirements for building heights, set-backs, design, parking, etc., are fairly standard when compared with other cities in the region. Allowable lot coverages range from 30 percent to 65 percent, depending on the zoning density, with allowable heights ranging from 35 feet (two and one-half stories) to 40 feet (three stories). Interviews with developers and contractors during the study





process did not point to any unreasonable land use controls that might negatively impact housing development or affordability, although several indicated that increased "density bonuses" might be used as an additional incentive for promoting the construction of affordable units.

Increasingly, the City is promoting higher density development, and higher quality design, through use of its Residential Planned Development (RPD) designation. This designation allows greater flexibility on the part of the City in working with developers to create plans that maximize use of the site in terms of both number of units and neighborhood needs. The new Housing Element continues to encourage use of the RPD designation through Program A-1b, "Promote Use of the RPD Zoning Designation," and Program A-1c, "Review Minimum Area Requirements for RPD Districts." This second program was suggested by several developers who felt that the flexibility and benefits of RPD zoning could be used to encourage innovative affordable housing development on all vacant residential lots, regardless of lot size. The City's Affordable Housing Task Force concurred with these suggestions and included RPD zoning as a mechanism for supporting affordable housing construction.

### *Open Space Requirements*

The City requires that new subdivisions (1) dedicate land for park and/or recreation facilities, (2) pay an in-lieu fee, or (3) both. The general standard applied by the City calls for five acres of property devoted to neighborhood and community park and recreation purposes for each one thousand persons residing in the City. The exact amount of land to be dedicated or fee to be paid in any one subdivision is determined by the Director of Recreation and Parks based on the City's Open Space Master Plan, an element of the City's General Plan, taking into consideration such factors as the type and density of the proposed development, the expected population mix, and the availability of nearby park and recreation facilities. Such practices are in keeping with the requirements and standards applied by other cities in the region and were not identified by local contractors or developers as being a significant constraint on the development of affordable housing.

### *School Facilities Dedication and Impact Fees*

Similar to open space requirements, the City requires that developers of residential subdivisions contribute land and/or monies to the school district when a subdivision is to be built in an attendance area where school overcrowding exists. At present, this fee is \$1.65 per square foot, in accordance with State legislation. However, the State has mandated a \$1 per square foot increase that will go into





effect in January 1993, to a total of \$2.65 per square foot. While this fee places an additional financial burden on housing development, it is an essential source of funds for local school districts. More housing means more children in need of public education, and public schools in the City of Merced are already severely overcrowded. There is an acute need for new and expanded facilities. In the face of budget constraints and cuts at the State level, school districts have come to rely on impact fees as an important funding source. The policies of the City of Merced in this regard are in keeping with the requirements and standards applied by other cities in the region.

### *Off-Site Improvements*

Off-site improvements required by the City are presented in the City's subdivision regulations. These regulations supplement and implement the State of California's Subdivision Map Act. The specific requirements for streets, curbs and gutters, sidewalks, utilities, and other off-site improvements are listed in the City's "Standard Designs of Common Engineering Structures." Other development standards and procedures are presented in the "Subdivision Regulations of the City of Merced" (Title 18 of the Merced Municipal Code).

The City's off-site improvement requirements have been the subject of recent discussions between city staff (City Liaison Committee) and members of the Merced Building Industry Association (BIA). In particular, these discussions have focused on potential changes in the City's design and construction standards that could reduce the costs of residential construction without compromising public health and safety or community quality. Specific areas under discussion include:

- *Reduce Right-of-Way for Residential Streets to Six Inches Behind Sidewalk.* This would effectively reduce front yard setbacks and make life easier for PG&E repair crews without compromising the integrity of utility systems or significantly altering neighborhood character. Reduced right-of-ways will also mean more land available residential construction, thereby supporting housing development.
- *Allow 25 Feet as Standard Curb Return Radius.* The current standard curb return radius is 40 feet. City staff and BIA members agree that the radius can be 25 feet on most streets. Exceptions include curb returns at the intersection of one or more collectors or arterials, streets serving schools (to accommodate buses), and streets serving other facilities where large vehicles are used (i.e., industrial areas). Making the standard curb return radius 25 feet instead of 40 will help reduce the cost of off-site improvements.



- *Allow Water Boxes Outside of Sidewalk.* Sidewalk construction costs can be reduced if water boxes are located behind the sidewalk rather than within the sidewalk area.
- *Eliminate Requirements for Rebar Doweling at Curb and Driveway Approach/ Sidewalk.* The current standard for single-family residential driveways requires 12-inch rebar dowels between the curb and approach to prevent separation which can cause tripping. While removing this preventative measure may result in higher repair costs in the long term, there is initial agreement that important savings could result by removing this requirement.

### *Permit Fees and Other Exactions*

There are a number of planning and development fees that are charged for the review and approval of general plan amendments, zone changes, conditional use permits, variances, subdivision maps, site plans, annexations, and service requests. Depending on the extensiveness of the requests, these fees can total several hundred to several thousand dollars per unit (most likely the latter). As an example, the table below summarizes the fees charged to a recently approved single family home of 1,580 square feet (3 bedroom, 2 bath, with attached garage).

Fee Category	Fee
Building Permit	576.50
Plan Check	115.30
State Instrumentality Fee	8.60
Plumbing Permit	112.50
Electrical Permit	96.30
Mechanical Permit	46.50
Construction Tax	1437.80
Deposit	108.10
Sewer Fees	1733.00
Water Fees	3187.00
Park Fees	567.00
Refuse/Storm Drainage Fees	171.00
School Impact Fee	2607.00
<b>TOTAL</b>	<b>10,766.60</b>

*Permit and Development Fees  
On A 1,580 Square Foot Home*

(City of Merced Building Division; August 1992)



The Planning And Development Fee Schedule for the City of Merced appears in full on the following three pages. While these fees represent a considerable cost for new housing development, they do not represent an excessive burden or constraint to new development. A comparison of City of Merced fees to fees charged in other municipalities has shown Merced's fees to be comparable to other Valley cities (Merced Planning Department, 1987). In general, cities to the north of Merced tend to have higher fee structures while cities to the south of Merced have lower fee structures.

One strategy being considered by the City to help alleviate the burden of fee payments is to defer payment of public facility fees until the time of occupancy. This strategy is a result of the talks between the City Liaison Committee and the Merced BIA. Currently, these fees are paid at the time of issuance of a building permit. By deferring payment, cash flow costs will be reduced and savings can be passed on in the form of lower housing prices.





CITY OF MERCED  
PLANNING AND DEVELOPMENT FEE SCHEDULE

Effective: September 17, 1991

	<u>*Pre-Application Review Charge</u>	<u>Application</u>
ZONE CHANGES (including to planned developments)	\$75	\$1,745 + \$65/acre
SITE UTILIZATION PLAN Estab- lishment		
Residential Planned Development (RP-D)	\$75	\$1,125
Planned Development (P-D)	\$75	\$1,485
SITE UTILIZATION PLAN Revision (P-D)	\$75	\$1,235
PREZONING		
Single R-1 Lot (of 1 acre or less)		\$ 250
Other		\$740 + \$65/acre or portion thereof
ANNEXATIONS		
Single R-1 Lot (of 1 acre or less)		\$ 225
All Other Annexations		\$450 + \$55/acres or portion thereof
SERVICE Requests (County Property)		
Sewer Request (single R-1 lot of 1 acre or less)		\$ 75
Water Request (single R-1 lot of 1 acre or less)		\$ 75
Sewer/Water Request (single R-1 lot of 1 acre or less)		\$ 100
All Other Sewer and/or Water Requests		\$150 + \$10/acre or portion thereof

CONDITIONAL USE PERMITS (CUP'S)

A. MINOR CUP	
1. Non-land use (signs, walls, etc.)	\$ 150
2. R-1 type uses (i.e., churches)	\$ 790
B. REGULAR CUP	\$1,015
1. Land use only or design only (interface overlay)	
C. MAJOR CUP	
1. Land Use + design (applied for within 45 days of a zone change or SUP (Site Utilization Plan) re- vision)	\$1,460
2. Land use + design (if not applied for within 45 days of a zone change or SUP re- vision)	\$2,025 + \$65/acre
GENERAL PLAN AMENDMENT	\$ 250 + \$65/acre or portion thereof
VARIANCES	
Single R-1 Lot	\$ 560
Other	\$ 900
Multiple Variances on One Applica- tion	\$1,350
DETERMINATIONS OR INTERPRETATIONS BY COMMISSION	
Single R-1 Lot	\$ 140
Other	\$ 275



	<u>*Pre-Application Review Charge</u>	<u>Application</u>
<b>SUBDIVISIONS</b>		
Tentative Subdivision Map:		
(If applied for within 45 days of a Conditional Use Permit)	\$75	Base Charge \$1,460 + \$30/lot (for a condominium subdivision shall be \$1,460 + \$30/lot or \$450/acre or a portion thereof, whichever is greater)
(If not applied for within 45 days of a Conditional Use Permit)	\$75	Base charge \$1,460 + \$30/lot (for a condominium subdivision shall be \$1,460 + \$30/lot or \$560/acre or portion thereof, whichever is greater)
Final Subdivision Map		\$1,125
Engineering Improvement Plan Check (streets, storm drains, etc.)		1/2% of the public improvement value (\$40 Minimum)
<b>NAME CHANGES</b>		
Subdivision Names (once public hearing notice has been published)		\$ 220
Street Names (for subdivisions) Once final subdivision map has been submitted to City Council		\$ 110
<b>MINOR SUBDIVISIONS</b>		
Lot Splits/Parcel Maps		\$450 + \$225/lot* over two lots (For condos - \$450 + \$225/unit over two units)

	<u>*Pre-Application Review Charge</u>	<u>Application</u>
<b>Lot Line Adjustments</b>		
Subdivision Map Exemption Investigation		\$110 + \$55/lot over two lots
Lot Mergers		\$110 + \$28/lot over two lots
Reversion to Acreage		\$75 + \$75/lot over two lots
<b>SITE PLAN REVIEW (principal permitted industrial uses)</b>		
MINOR - Minor change in existing site		\$ 505
- Change in use for existing site with minor design adjustments		
MAJOR - Major redesign of existing site or design of vacant site		\$ 990
<b>ZONING PERMITS (principal permitted residential and commercial projects)</b>		
		(presently a part of Building Inspection fees)
<b>ZONING ORDINANCE AMENDMENTS (Amendments to Title 20 - Merced City Code)</b>		
Non-Land Use (Minor) (Setbacks, signs, etc.)		\$ 275
Land Use (Major) (Adding a land use to a zone, adjusting requirements for a specific land use, etc.)		\$ 550
<b>APPEALS</b>		
<b>Conditional Use Permits - Appeal</b>		
Land Use		\$ 150
Non-Land Use		\$ 75



	<u>*Pre-Application Review Charge</u>	<u>Application</u>
Tentative Subdivision Maps - Appeal		\$ 150
Determinations - Appeal		
Single R-1 Lot		\$ 50
Other		\$ 100
Minor Subdivisions - Appeal		
Lot Splits/Parcel Maps and Subdivision Map Exemption Investigations		\$ 50
Lot Line Adjustments, Lot Mer- gers and Reversions to Acreage		\$ 25
Site Plan Review Committee - Appeal		\$ 75
Miscellaneous Appeals		\$ 75
ENVIRONMENTAL REVIEW		
Environmental Review Checklists		\$ 50
Environmental Impact Reports		Varies (based on cost)
Expanded Negative Declaration		Varies (based on cost)
MISCELLANEOUS		
Extensions		
Conditional Use Permits - Extension		\$ 165
Tentative Subdivision Maps - Extension		\$ 165
Variances - Extension		\$ 85
Temporary Trailer Permits - Extension		\$ 15
Minor Subdivisions - Extensions		\$ 55
Permits		
Temporary Trailer Permits		
Residential/Institutional**		\$ 15
Commercial/Industrial & Other		\$ 40

	<u>*Pre-Application Review Charge</u>	<u>Application</u>
Application for Administrative Revision to Site Plans or Elevations		\$ 85
Continuance Requests - Planning Commission Public Hearings		
If received by 5:00 p.m. on Wednesday, two weeks prior to meeting at which it is sched- uled to be heard		\$ 55
If received after time specified above		\$ 110

\*Pre-Application Review Charge may be assessed on any request to consider a particular piece of property for development activity, including change of zoning, preliminary site plan or site design review, preliminary review of a subdivision layout, or as otherwise determined by the Community Development Director. This charge will be credited against any "Application Deposit" subsequently received from the applicant for the subject project.

\*\*R-1 Type Uses. Those uses eligible for consideration as conditional uses in an R-1 residential zone, any R-1 use (principal permitted or otherwise) when considered for a conditional use permit in another zone.

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### *Permit Processing Times*

Improved efficiency, increased ease-of-use, and faster turn-around times for development reviews and permitting have been an important emphasis for the City's planning and building divisions during the past several years. However, in 1990 the development review cycle was increased from three to five and one-half weeks (22 to 38 days) in order to comply with the new California Environmental Quality Act (CEQA) requirements for the public review period. While this has slowed down the development review process, it has provided more time for City staff to work with applicants on their projects. This in turn has helped make Planning Commission and City Council public hearings run more smoothly.

The 1992 Housing Element continues the goal of improved efficiency and minimum turn-around time for development reviews (Program A-5) to ensure that City review of development proposals does not add unnecessarily to the costs of new construction or discourage developers from pursuing projects in the City of Merced. In addition, to provide additional support for affordable housing, City staff will give highest priority to the review of residential developments targeted towards low and moderate income households.

Lastly, the discussions between the City Liaison Committee and the BIA have resulted in a recommendation that extensions be allowed for filing a final subdivision map. This is in response to industry concerns in the face of an economic recession and difficulties in securing financing. The City currently extends the time for one-year periods up to a total of three years. The BIA requests that two years be permitted for the first extension request. City staff have recommended approval of the request and a decision is pending.



*Responses of the 1992 Housing Element*

A central focus of the 1992 Housing Element is on the reduction of land use and regulatory constraints that inhibit or add to the cost of new residential development. In particular, the 1992 Housing Element proposes evaluation of residential densities throughout the city (with increases where appropriate), increased use of the Residential Planned Development zoning designation (and decrease or removal of the minimum area requirement for such zoning), increases in the maximum lot coverage for nearly all residential zones (to accommodate large family housing), reduction in the required lot area for R-2 zoning, and allowing the subdivision of deep lots. In addition, the 1992 Housing Element proposes strategies for encouraging the construction of second units in low-density residential districts.

In a similar manner, the 1992 Housing Element supports continued discussion between the City and the BIA to identify additional opportunities for reducing development costs without endangering development quality. Ongoing communication with development and construction professionals will be critical to ensuring City policies that are reasonable and fair while continuing to ensure that the public health and safety are protected and maintained.



## H. Opportunities for Energy Conservation

Affordable energy is an essential component of affordable housing. Depending on the age and condition of the home and on the type of fuel used, energy costs can represent more than 25 percent of overall housing costs.

In the past twenty years, rapidly increasing energy costs have contributed to the deterioration of housing affordability. Since 1970, average energy costs to consumers have increased 100 percent over and above inflation, while crude oil prices have increased more than 500 percent. In response to these increases, California's energy conservation standards have helped to improve energy efficiency in new homes. Houses built after 1975 use about half as much energy as homes built before then. More recent standards are even more strict.

Such improvements in energy conservation make important contributions to housing affordability. Minimizing energy used for space and water heating as well as air conditioning can significantly reduce home energy costs. Water heating is second only to space heating in total energy usage. According to Pacific Gas and Electric (PG&E), energy use can range anywhere from \$75 to \$200 per month in homes heated by electricity.

In addition to the State conservation standards, implemented as part of the 1988 Uniform Building Code, that reduce the cost of energy in new homes, there are also opportunities for energy savings in existing homes. Most residential structures can be retrofitted with conservation measures that provide nearly the same energy savings achieved in recent new construction. Many can also be retrofitted with passive design measures, such as the addition of a solarium or south-facing windows in conjunction with a heat storage mass.

The City of Merced Housing Rehabilitation Loan Program makes important contributions towards improving energy efficiency in older homes. Through low interest loans to low income households, the program contributes to both minor and substantial rehabilitation that can significantly reduce home energy costs in both the short and long term.

This city-sponsored program is supplemented by other programs available from the PG&E and the State. The PG&E "walk-through audit" provides a comprehensive assessment of energy conservation needs and costs related to home appliances, structural design and insulation. Home Improvement Funds are also available from PG&E to finance home energy improvements. In addition, the Energy Crisis Intervention Program, funded by the State Department of Economic Opportunity, is designed to help low income residents pay delinquent energy bills to avoid interruption of service.





## **I. Evaluation of the 1986 Housing Element**

As part of the Housing Element update, the following review is provided of the goals, policies and actions identified in the City's 1986 Housing Element.

In general, many of the issues identified in the 1986 Housing Element continue to be relevant in 1992. Most notably, the need for rehabilitation of the City's older housing stock and the need for increased flexibility and density increases in the City's zoning. In both of these areas, the 1992 Housing Element continues the intent of the previous element and, in the area of increased density, greatly expands upon the programs dedicated to this purpose.

In addition, the current update includes a number issues and programs that were not addressed in the 1986 Housing Element. This includes more active participation by the City in development activities, a comprehensive evaluation of land use policies and potential incentives to encourage development of lower income housing, downpayment and rental assistance programs for lower income households, and establishment of an Affordable Housing Community Fund.

While the following evaluation highlights some of the successes of the past five years in responding to housing needs in Merced, the general evaluation of the 1986 Housing Element by city housing officials is that it failed to be a truly strategic planning document for guiding housing programs in the City. While many of the housing programs identified in the 1986 Housing Element were implemented in one form or another, the overall plan was mostly developed as an administrative document in response to State law.

The 1992 Housing Element is the result of a community-based decisionmaking process that is intended as an ongoing strategy for responding to affordable housing needs in the City. Based on the City's new Affordable Housing Action Plan, the Housing Element and the programs it outlines will be systematically implemented, monitored and refined during the coming five years. With oversight from the City's new Affordable Housing Task Force and with tools such as the Affordable Housing Community Fund and the Implementation Matrices presented at the end of the this document, the Housing Element, as part of the Affordable Housing Action Plan, will become a "living" strategy document to guide City housing programs and respond to community housing needs.

The following pages provide a program-by-program evaluation of the 1986 Housing Element. Where available, specific information (e.g., number of units) has been provided.



**HOUSING PROGRAM****EVALUATION****I. PROVIDE ADEQUATE SITES****A. Expedite Wastewater Collection Project.**

*Service is now available to almost all developable land. Additional service will be provided on a project-by-project basis.*

**B. Promote Contiguous Development.**

1. Design and keep current a developable land file.

*The Merced County Association of Governments is currently developing a Geographic Information System (GIS) database that will provide up-to-date information on land use, vacant land and service provision throughout the city.*

2. Promote in-filling by designating increased densities on the General Plan Map.

*A new R-1-5 zone has been approved that allows 5,000 square foot lots for single family residential (the previous minimum lot size was 6,000 s.f.). Also, the City is currently reviewing the minimum acreage for Residential Planned Development (RPD) zones. The current minimum is 2.5 acres.*

3. Designate development areas on the Zoning Map.

*This will be accomplished as part of the new GIS described above.*

**C. Investigate Funding Sources For Provision Of Public Improvements.**

*Development Fees are applied on a project-by-project basis to fund the provision of public improvements.*



## II. PROVIDE SITES FOR VARIOUS TYPES OF HOUSING

- A. Establish Sites For Mobile Home Parks. *300+ units were approved in 1990.*
- B. Flexible Land Use Controls.
1. Density bonuses on designated sites. *Density bonuses are allowed, although few requests are received. This program is currently under review and will be significantly expanded and strengthened as part of the Affordable Housing Ordinance proposed under Policy A-3 of the 1992 Housing Element.*
  2. Random mixed lots to allow higher densities by mixing smaller and larger lot sizes in new subdivisions. *Residential Planned Development zoning allows for mixed lots. They have become increasingly common and many have been approved.*
  3. Granny flats and duplexes on corner lots. *Duplexes are allowed on large corner lots.*
  4. Multiple units on large lots. *Many multi-family complexes have been approved due to need. However, financing has been limited for such projects in recent years and the number of applications received by the city has dropped.*

## III. HOUSING TO MEET NEEDS OF LOW AND MODERATE INCOME HOUSEHOLDS.

- A. Design Developer Information Packet Describing Programs (CHFA, Mortgage Revenue Bonds, And Other State And Federal Grants Available). *Referrals are provided for available programs.*





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- |    |  |   |
|----|--|---|
| B. | <b>Monitor Rental Stock Through An Annual Survey.</b>  | <i>1990 census figures have provided a comprehensive survey of general conditions in the rental housing stock. In addition, a housing conditions survey was conducted in 1991 in preparation for the Housing Element update and to provide up-to-date information for the City's Housing Rehabilitation Loan Program. Ongoing monitoring efforts will continue to be undertaken as part of the Rehabilitation Loan Program.</i> |
|    |  |   |
| C. | <b>Continue Mortgage Revenue Bond Program.</b>   | <i>This program has been discontinued.</i>  |
|    |  |   |
| D. | <b>Monitor the Housing Element.</b>  | <i>Ongoing.</i>   |
|    |  |   |
| E. | <b>Cooperate With The County Housing Authority In Promoting Section 8 New Construction And Maintaining Existing Section 8 Housing.</b> | <i>Ongoing.</i>   |
|    |  |   |
| F. | <b>Use 20 percent Set-Aside Redevelopment Funds for Low Income Housing Projects.</b>   | <i>Funds have been allocated for the upcoming fiscal year. They are estimated at approximately \$500,000 for the first year.</i>  |

#### **IV. REMOVE GOVERNMENTAL CONSTRAINTS**

- |    |                                    |  |
|----|------------------------------------|--|
| A. | <b>Flexible Land Use Controls.</b> | <i>This is discussed in II B. 1-4. In general, Residential Planned Development zoning has been promoted to accomplish this goal.</i> |
|----|------------------------------------|--|



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- B.     **Expedite Permit Procedures.**     *City has focused on providing top-notch service. Processing times and other methods have reduced turn-around times to as short as possible and are under continual review.*
- C.     **Annual Fees Survey.**     *Planning fees have been increased, and may increase further based on School District needs.*
- V.     **CONSERVE AND IMPROVE THE EXISTING HOUSING STOCK.**
- A.     **Code Enforcement.**     *Staff responds to citizen complaints.*
- B.     **Establish Program/Funding For City-wide Rehabilitation Program.**     *Ongoing.*
- C.     **Promote Awareness Of Rehabilitation And Maintenance Techniques.**     *Public hand-out packet has been developed and is available.*
- D.     **Investigate Opportunities For Rehabilitation Funding.**     *Ongoing.*
- E.     **Promote Historic Preservation.**     *This is being pursued in the Redevelopment Area of Central Merced as part of the City's.*
- F.     **Explore/Study Various Funding Sources For Energy Conservation.**     *Ongoing.*



- G. Promote Public Awareness Of The City's Established Energy Policies. *Ongoing.*
- H. Investigate Potential Benefits Of Various Energy-Saving Techniques Such As Smaller Streets, Solar Access Rights, Etc. *Ongoing. Street width requirements will be reviewed from a cost and energy perspective as part of the 1992 Housing Element.*

## VI. PROMOTE EQUAL HOUSING OPPORTUNITY

- A. Promote Public Awareness Of The City's Relationship With Merced County Community Housing Resources Board To Handle Housing Complaints. *Ongoing.*





## **J. Analysis of At-Risk Units**

State law requires that each city provide analysis and programs for preserving existing affordable multi-family rental housing units which were developed with public subsidies. The analysis must address units which may potentially be converted to market-rate housing within a ten-year period from July 1990 to July 2000. There are five projects in Merced containing a total of 193 affordable housing units which were developed with federal interest rate and rental subsidies (see Table 1). In exchange for the subsidies, the project developers agreed to retain rental rates affordable to lower income households for a specified number of years.

The potential loss of existing affordable housing units is an important issue to the City due to displacement of lower-income tenants and the limited alternative housing for such persons. It is typically less expensive to preserve the affordability of these units than to subsidize construction of new affordable units due to the inflation of land and construction costs which has occurred since the original development of these projects.

Assisted multi-family rental developments which could potentially lose affordable units by the year 2000 are Merced Golden Manor, Parkwood Apartments, Merced West Manor, and Merced Gardens, which contain a total of 157 affordable units. The Kings View Apartments, containing 36 affordable units, is under contract through the year 2021.

### *State Law Requirements*

In accordance with recent State Legislation, this Housing Element includes analysis and programs for preserving assisted multi-family rental housing developments. The State legislation was passed in 1989 in response to the potential loss of numerous affordable rental units which have received assistance from Federal, State, and/or local programs.

The State legislation was adopted as Chapter 1451, Statutes of 1989, which amended Section 65583 of the State of California Government Code. The State law requires that each city and county provide analysis and program for preserving assisted rental housing developments during a ten-year period. The analysis and programs must be adopted as an amendment to each locality's housing element by July 1, 1992. Further, the preservation analysis and programs must be updated every five years, at the same time the other sections



of each locality's housing element are updated. For the City of Merced, the current preservation analysis period is July 1, 1990, to July 1, 2000.

Pursuant to State law, the following components are included in this analysis:

- Inventory of units at risk of losing use restrictions;
- Cost analysis of preserving at-risk units versus replacing them;
- Nonprofit entities capable of acquiring and managing at-risk projects;
- Potential preservation financing sources; and
- Efforts to preserve units at risk of losing use restrictions.

Five multi-family rental projects in Merced, totaling 193 units, were constructed using federal subsidies. In exchange for the subsidies, the developers were required to provide the rental units to low-income residents for a specified period of time. Of these, 157 units could potentially convert to moderate and market-rate housing by the year 2000. The conversion of any low-income apartments would be a significant reduction on the amount of affordable housing available in Merced. Section 8 existing housing is the only means the City has to subsidize families in rental apartments, and its continuation is critical for maintaining subsidized rentals for families.

#### *Inventory of Units At Risk of Losing Subsidies*

The following narrative summarizes each existing assisted multi-family rental housing development in the City of Merced. In addition, Table 1 on the following page includes data for each project regarding ownership and other characteristics. The City conducted a comprehensive inventory of all multi-family rental units that were assisted under the following programs:

1. HUD Programs:
  - Section 8 Lower-Income Rental Assistance
  - New Construction
  - Substantial or Moderate Rehabilitation
  - Loan Management Set-Aside
  - Section 213 Cooperative Housing Insurance
  - Section 221(d)(3) Below-Market-Interest-Rate Mortgage Insurance Program
  - Section 236 Interest Reduction Payment Program
  - Section 202 Direct Loans for Elderly or Handicapped
  - Community Development Block Grant Program



2. FmHA Section 515 Rural Rental Housing Loans
3. State and local multi-family revenue bond programs
4. Redevelopment Program
5. Developments which obtained a density bonus and direct government assistance pursuant to Government Code Section 65916.

The sources used to document the project information and contract/termination dates include the California Housing Partnership Corporation's "Inventory of Federally-Subsidized Low-Income Rental Units at Risk of Conversion," City of Merced Redevelopment Agency loan documents, and discussions with City of Merced, Merced Housing Authority, and HUD Regional Office staff.

### *Multi-Family Developments*

Following are descriptions of the five projects at-risk of conversion to market rates in the 1990 to 2000 period.

- **Merced Golden Manor.** This development includes 50 units. The development is occupied by seniors and is reportedly in good condition. All 50 units in the development are affordable to low-income individuals. Merced Golden Manor is a recipient of HUD 221(d)(3) financing and Section 8. The earliest date of subsidy termination is 1996. The project owner, Merced Golden Association, is a nonprofit organization.
- **Merced West Manor.** This development includes 46 units. The development is occupied by seniors and is reportedly in good condition. All 46 units in the development are affordable to low-income individuals. Merced West Manor is a recipient of HUD 221(d)(3) financing and Section 8. The earliest date of subsidy termination is 1991. Based on conversations with the HUD regional office, Merced West Association, the project owner, has filed to prepay the loan, which is required if the owner elects to prepay. Pursuant to LIHPRHA (see page 74, at bottom), the owner or purchaser has financial incentives for continuing ownership, including: increased access to residual receipts; increased Section 8 rents; capital improvement financing; and insured equity take-out financing. HUD is currently in process of inspecting the property and undertaking an appraisal of the property. Once the HUD analysis has been completed, the owner may choose to sell or continue ownership.
- **Parkwood Apartments.** This 14-unit development is a family project and is reportedly in good condition. All the units are affordable to low income individuals. The development receives Section 8 subsidy.





Expiration is in 1997. The project is owned by Tracy Investment Corporation. To date there is no indication that the project owner intends to convert the units to market rate.

- **Merced Gardens.** Merced Gardens includes 47 family units, all of them affordable to low income. The project is reportedly in good condition. Merced Gardens received HUD Section 221(d)(4) financing. The loan will be fully repaid in 1995, indicating that the affordability of units in this development is preserved until at least 1995. However, the Section 8 contract could be terminated in 1995. For this to happen, the project owner must apply to discontinue at least one year prior to the termination date. If not, the Section 8 would be extended for 5 more years. To date, there is no indication that the project owner, Goldrich & Kest, intends to convert the units to market rate.
- **Kings View Apartments.** This 36-unit project is occupied exclusively by seniors, with all of the units affordable to low-income individuals. Completed in 1980, the project is reportedly in excellent condition. The development received a low-interest loan through the HUD Section 202 elderly program and includes Section 8 rental assistance. The development is owned by Kings View. The expiration of the subsidy will not occur until the year 2021.

### *Cost Analysis*

Based on federal and state guidelines, an order of magnitude cost analysis was conducted to compare the cost to replace each development with the cost to preserve the affordability of the project (see Table 2).

The order of magnitude cost analysis indicates that the cost to preserve the units at Merced Golden Manor, Merced West Manor, Parkwood Apartments, and Merced Gardens is less than the cost to replace the units. The cost of construction and land to replace the 157 units is approximately \$6.75 million. Assuming an "equity" investment of 20 percent, replacement costs would total \$1.35 million up front, while ongoing costs would total nearly \$725,000 annually (debt service and operating costs). However, consideration of potential rental income shows that these projects have the potential for remaining financially attractive to private owners. When potential rental income is applied to ongoing costs, the four projects together show a potential net income of \$462,000. However, this figure does not take into account the profit that would be expected by a private owner. Nonetheless, it does demonstrate that these projects remain financially feasible for nonprofit ownership and management, particularly if assistance is provided in the form of low-interest financing or downpayment funding, with minimal cost to the City in comparison to the cost of developing replacement units.



The viability of all of these projects as affordable housing is enhanced by resident-based Section 8 certificates and vouchers. All of the 157 households currently residing in these complexes are provided with project-based Section 8 assistance. Section 8 rents in Merced are currently similar to market rents. Revenues provided by the Section 8 rents can compensate for the lower rents generated by the units that are not leased by households who receive Section 8 assistance.

### *Preservation of Financing Sources*

This section provides a brief summary of the existing public financing sources available for the preservation of affordable housing units at risk of conversion to market rate. This list of financing sources represents a sample of the type of programs that may be available during the time of potential conversion.

- **Low-Income Housing Preservation and Resident Homeownership Act.** The Low-Income Housing Preservation and Resident Homeownership Act of 1990 (LIHPRHA) sets forth guidelines for providing financing "incentives" to owners of federally assisted housing projects.

The purposes of LIHPRHA are to prevent the prepayment of federally assisted mortgages, extend existing low-income use restrictions, and prevent displacement of low-income residents. The only projects eligible under LIHPRHA are Section 236 and Section 221(d)(3) projects of the National Housing Act. Financing incentives offered to owners or purchasers of projects that are covered by LIHPRHA include increased access to residual receipts, increased Section 8 rents, capital improvement financing, insured equity take-out financing, and others.

- **Section 8.** Federal legislation guarantees five-year extensions of all project-based Section 8 certificates. There is no certainty that the federal government will continue automatic five-year extensions at that time.
- **State Financing Sources.** There are currently no State financing sources available that directly address the problem of affordable housing units at risk of converting to market rate units. The California Housing Finance Agency (CHFA), however, is currently working with HUD to provide long-term mortgage financing (241F take-out loans) for preserving at-risk affordable units and potential acquisitions through a pooled bond program.
- **Local Resources.** The City of Merced's primary source of long-term funding for preserving affordable housing is the Redevelopment Agency's Housing Set-Aside Funds. There is currently \$.5 million per year in the fund. Priorities include acquisition of sites for affordable



housing development and maintaining affordability of existing projects. This would be a potential source of funds.

Community Development Block Grant (CDBG) funds are also available to the City of Merced for preserving affordable housing. CDBG revenues total \$650,000 per year, and a portion could be available for maintaining existing affordable housing. In addition, the Merced Housing Authority periodically receives funds to purchase properties, which they have done on other assisted projects.

The Merced County Coalition for Affordable Housing would be a nonprofit organization who the City could assist in assembling resources to purchase and then manage at-risk projects when they are offered for sale.





**Table 1:**  
*Assisted Multi-Family Rental Housing Developments in the City of Merced*

Project Name	Owner/ Owner Type	Total Units	Affordable Units	Condition	Tenant Type	Year Affordability Restrictions Terminate	Assistance Sources
Merced Golden Manor	Merced Golden Associates Private	50	50	Good	Seniors	1996	Section 8 HUD 221(d)(3)
Parkwood Apartments	Tracy Investment Corp. Private	14	14	Good	Mixed	1997	Section 8
Merced West Manor	Merced West Associates Private	46	46	Good	Seniors	1996	Section 8 HUD 221(d)(3)
Merced Gardens	Goldrich & Kest Private	47	47	Good	Mixed	1995	Section 8 HUD 221(d)(4)
Kings View Apartments	Kings View Private	36	36	Good	Seniors	2021	Section 8 HUD 202

Source: California Housing Partnership (April 1, 1991); City of Merced (1992); HUD Regional Office (1992).



**Table 2:**  
**"At-Risk" Assisted Multi-Family Replacement Costs**

Project Name	Units	Land Costs (1)	Unit Costs (2)	Total Cost	Equity (3)	Ongoing Costs (4)	Ongoing Costs Less Rent (5)
Merced Golden Manor	50	\$400,000	\$2,150,000	\$2,150,000	\$430,000	\$229,416	(\$72,984)
Parkwood Apartments	14	\$112,000	\$490,000	\$602,000	\$120,400	\$67,736	(\$38,104)
Merced West Manor	46	\$376,000	\$1,645,000	\$2,021,000	\$404,200	\$215,943	(\$62,265)
Merced Gardens	47	\$368,000	\$1,610,000	\$1,978,000	\$395,600	\$211,452	(\$143,868)
TOTAL	157	\$1,256,000	\$5,495,000	\$6,751,000	\$1,350,200	\$724,547	(\$317,221)

Source: City of Merced (1992).

(1) Land costs based on \$8,000/acre

(2) Unit costs based on \$35,000/unit.

(3) Equity costs equal 20% of total.

(4) Debt service @ 9% interest for 30 years and \$2,000/unit operating costs.

(5) Rents based on fair market rents for households @ 80 percent of the county median income;

Merced Golden Manor and Merced West Manor, \$504/month for 2-person household;

Parkwood Apts. and Merced Gardens, \$630/month for 4-person household.



*SECTION III*  
**Housing Goals, Policies and  
Programs**





### III. Housing Goals, Policies and Programs

The following pages present the goals, policies and programs of the *City of Merced Housing Element, 1992 - 1997*. These, together with Quantified Objectives (discussed at the end of this section), are expressed as follows:

- **Goals** are the ideals the community is striving for, or the desired state of things. There are eight goals identified in the *City of Merced Housing Element, 1992 - 1997*. They are organized into four "goal areas."
- **Policies** set forth the community's position on a particular issue or subject as related to each of the four goals.
- **Implementing Programs** are specific actions that the City or other identified entities will undertake to address policy issues and move closer to the community's goals. Target dates and the responsible agencies or individuals are identified when appropriate.
- **Quantified Objectives** are identified for the five-year horizon of the Housing Element to measure its expected results against projected conditions. These objectives are summarized at the end of this section.

All of the programs to implemented in the Housing Element will require some type of follow-up action: further study; ordinance adoption; special funding consideration; additional public review; and actual implementation. The details of each program will be evaluated at that time. Some of the programs are already being implemented.

Together, these goals, policies and programs reflect the community priorities expressed during the process of developing the City's Housing Action Plan and, subsequently, the Housing Element. They build upon the goals, policies and programs presented in the City's 1986 Housing Element and represent a five-year plan for addressing housing needs in Merced. The Implementation Matrices in the final section of this document provide an overview of the programs included in the 1992 Housing Element.



**Goal Area A: New Affordable Housing Construction****GOALS**

- Increase The Stock Of Affordable Housing For Very Low, Low And Moderate Income Households.
- Encourage A Mix Of Housing Throughout The City To Meet The Needs Of Different Income Groups.
- Encourage The Construction Of Housing And Facilities To Meet Special Needs, Including Farmworkers, Homeless, Large Families, Seniors, And People With Physical Or Mental Disabilities.

**POLICIES**

- A-1 Support increased densities in residential areas.
- A-2 Review design standards to support affordable housing.
- A-3 Develop and implement an Affordable Housing Ordinance.
- A-4 Pursue joint development agreements.
- A-5 Provide priority review and permitting for affordable housing projects.
- A-6 Support the construction of second units.
- A-7 Pursue State and Federal funds for new housing construction.
- A-8 Support housing to meet special needs.
- A-9 Continue the "Build-A-House" Project with Merced College.



## **Policy A-1**

### **Support Increased Densities In Residential Areas.**

*To lower the per-unit land costs for new construction, the City of Merced shall explore the potential for increasing residential densities in areas of the City where such increases are in keeping with the City's General Plan goals. To this end, the City shall promote and pursue the following **Implementing Programs**.*

#### **A-1a Evaluate Residential Densities Through the General Plan Process.**

Conduct an evaluation of residential densities during the update of the City's General Plan Land Use Element to identify areas where densities might be increased to encourage affordable housing and respond to the goals of the General Plan. In particular, density increases should be considered in residential areas that are: 1) within one-quarter mile of school facilities, retail areas or employment districts; or 2) within three city blocks of major arterials and public transportation routes. Density increase recommendations must take into consideration potential impacts on other facilities and services, including sewers, fire and police protection and schools. As an end result, the density evaluation should strive to achieve an equal percent distribution of residential zoning districts between North, Central and South areas of the city. In particular, the City shall seek to rezone areas from R-3 to R-4 to ensure that there is adequate land available to accommodate the development of low and very low income housing.

*Target date: Conduct evaluation through the General Plan update process, with completion by July 1994.*

*Responsibility: Planning Department, Planning Commission and City Council.*

#### **A-1b Promote Use of the Residential Planned Dvlpmt. Zoning Designation.**

As part of the General Plan Update, promote the application of Residential Planned Development designations in areas of new development to encourage innovative site planning and clustered housing design.

*Target date: Complete General Plan update process by July 1994.*

*Responsibility: Planning Department, Planning Commission and City Council.*

#### **A-1c Review Minimum Area Requirements for RPD Districts.**

To support innovative site planning and affordable housing construction, the City should review its Zoning Ordinance policies for Residential Planned Development districts to remove the minimum area requirements. The City might condition reduction or removal of requirements on the provision of affordable housing as part of the Affordable Housing Ordinance (policy A-3).

*Target date: Decision by December 1992.*

*Responsibility: Planning Department, Planning Commission and City Council.*





***Policy A-1 (continued)******Support Increased Densities In Residential Areas.*****A-1d Encourage Mixed Use Development Downtown.**

Encourage mixed-use residential/office/retail approaches to new development in the City's downtown area to support both affordable housing and economic development goals.

*Target date: Ongoing.*

*Responsibility: Planning Department, Redevelopment Agency, Housing Program, Planning Commission and City Council.*

**A-1e Review Maximum Lot Coverage for R-1-5, R-2 and R-3 Districts.\***

To support the construction of large-family housing on smaller, less expensive lots, the City should consider allowing increased lot coverage in R-1-5 Districts. Through the mechanisms of the Affordable Housing Ordinance (Policy A-3), the city could allow, for example, an increase from 40% to 50%, with setback requirements reduced to 15 feet, when units are guaranteed at rates affordable to low and moderate income families. In R-2 and R-3 districts, the City might consider increasing lot coverage to 60%.

*Target date: Decision by December 1994.*

*Responsibility: Planning Department, Planning Commission and City Council.*

**A-1f Review R-2 District Requirements.\***

For eligible projects under the City's Affordable Housing Ordinance, the City should consider reducing the required lot area for R-2 Districts to 5,000 square feet, with the area per dwelling unit requirement reduced accordingly to 2,500 square feet. In addition, the City should consider revising the conditional use requirements for multi-family construction to allow construction of four units on lots of 10,000 square feet or more.

*Target date: Decision by December 1994.*

*Responsibility: Planning Department, Planning Commission and City Council.*

**A-1g Allow Subdivision of Deep Lots\***

To support innovative site planning and affordable housing construction, the City should consider revising its Zoning Ordinance to permit the subdivision of deep lots (e.g., a lot 50' x 150' into 2 lots 50' x 75') that stretch between two points of access (e.g., two roadways or a roadway and an alley), for eligible projects under the Affordable Housing Ordinance. This would allow the construction of two single family dwellings with land cost split between them.

*Target date: Decision by December 1992.*

*Responsibility: Planning Department, Planning Commission and City Council.*

\*Programs that could be implemented as part of the Affordable Housing Ordinance (A-3).



**Policy A-2****Review Design Standards To Support Affordable Housing.**

*To help reduce construction costs while ensuring continued high quality in new housing construction in Merced, the City shall review its residential subdivision standards. To this end, the City shall promote and pursue the following*  
**Implementing Programs.**

**A-2a Review Water and Sewer Pipe Requirements.**

Support the review by both the City and the Building Industry Association of standard specification requirements for water and sanitary sewer pipes. Through the process, identify potential revisions in material and size requirements that could reduce construction costs without endangering the quality or capacity of service.

*Target date: Complete review of requirements by December 1993.*

*Responsibility: Planning, Public Works, Fire and Police Departments, Planning Commission and City Council.*

**A-2b Review Street Width Requirements and Classification Procedures.**

In conjunction with the Building Industry Association, review street width requirements for residential subdivisions in the City. In particular, focus on street classification procedures and exploration of alternatives for reducing off-site improvement costs for new housing developments. Potential width reductions or altered street classification procedures shall then be extended to residential subdivision proposals which guarantee 20 percent or more of the units to be constructed at below-market rents or sales prices (as part of the proposed Affordable Housing Ordinance).

*Target date: Complete review of requirements by December 1993.*

*Responsibility: Planning, Public Works, Fire and Police Departments, Planning Commission and City Council.*





**Policy A-3****Develop and Implement an Affordable Housing Ordinance.**

*To promote new housing construction that meets the affordability needs of all income groups, and*

*To pursue a more equitable distribution of household incomes throughout Merced, and*  
*To encourage the construction of affordable housing for low and moderate income households at the same rate as the construction of affordable housing for above moderate income households,*

*The City shall promote and pursue the following **Implementing Programs**.*

**A-3a Adopt an Affordable Housing Ordinance.**

Develop and adopt an Affordable Housing Ordinance to provide incentives for development of low to moderate income housing. The ordinance would detail the conditions under which certain benefits would accrue to developers of projects that include below market rate units to be sold or rented to persons of low to moderate income. Examples of potential incentives include:

**Density Bonuses.** To decrease the per-unit land costs for the development, the City could provide a density bonus for eligible projects. Density increases could be provided through several of the programs described in Policy A-1, namely A-1f (reduced lot sizes for R-2 districts) and A-1g (subdivision of deep lots). The City might also allow increased lot coverage for affordable, large-family developments (as described in A-1e. Alternately, a percentage bonus (e.g., 20% greater than that allowed under the designated zoning), could be offered. For example, a development site of 90,000 square feet could accommodate 15 units under R-1-6 zoning. With the density bonus, the site would accommodate 18 units (at 5,000 s.f. per unit).

**Fee Deferment.** To reduce the "carrying costs" of the project, the City could provide a deferment for payment of permit and development fees through the duration of the project's construction loan. Fees would be due at the point when long-term financing for the development is secured or the project is sold. A maximum deferment period could also be set (e.g., two years).

**Low Interest Financing/Equity Sharing.** Developments that are deemed eligible, could be provided low-interest financing or even equity participation by the City through Policy A-4, Joint Development Agreements. Such projects might be required to meet stricter eligibility requirements (e.g., a higher percentage of units affordable to low and moderate income households).





***Policy A-3 (continued)******Develop and Implement an Affordable Housing Ordinance.***

***Infrastructure Financing Assistance.*** To reduce the "up-front" infrastructure improvement and development costs, the City could provide assistance in developing alternative, long-term infrastructure financing. Such financing might include formation of a Mello-Roos or special assessment district to support a long-term, low interest revenue bond to fund infrastructure improvements. Bond interest and principal would be paid over time by homeowners in the assessment district.

*Target date: Develop, adopt and implement ordinance by December 1993.*

*Responsibility: Housing Program, Affordable Housing Task Force, Finance Department, City Attorney, Planning Department, Public Works Department, Planning Commission and City Council.*

***A-3b Establish and Monitor Affordability Levels.***

Determine the annual maximum sales prices and rents that may be levied on BMR units as well as the percentage increase that may be levied each year for units with affordability guarantees. In addition, monitor affordability levels through an annual survey of BMR units to ensure compliance with the specified affordability levels. Make affordability level and survey information available to the public.

*Target date: Annual.*

*Responsibility: Housing Program.*

***A-3c Provide Eligibility Screening and Referral.***

Oversee the application and selection process for households qualifying for BMR units, providing developers and realtors with a listing of households that meet eligibility requirements. Eligibility requirements might include point bonuses for households with established residency in Merced, ensuring that new affordable units respond to existing need in the City. In addition, the City should provide information to BMR-unit homebuyers and renters on their rights and responsibilities as well as on assistance that may be available from the City's housing affordability programs (see Goal Area C).

*Target date: Ongoing.*

*Responsibility: Housing Program.*



## ***Policy A-4 Pursue Joint Development Agreements.***

*To actively support the construction of new affordable housing units and to leverage public funds for maximum benefit, the City shall promote and pursue the following Implementing Programs:*

### **A-4a Participate in Joint Development Agreements.**

Authorize City staff to explore and, if feasible, develop agreements for the joint public/private development of affordable rental and owner housing in the City of Merced. City participation in development agreements shall:

- Ensure a minimum affordable housing mix (e.g., 20% very low income, 15% low income and 15% moderate income).
- Ensure affordability of rental units for a period of twenty (20) years minimum.
- Require that for-sale units be owner-occupied and that they carry subsidy recapture provisions for a minimum time period (e.g., 20 years) with the level of City subsidy determined at the time of construction as a percentage of development costs. For example, if the city provides a subsidy of \$5,000 towards a unit that costs \$50,000 to construct and that unit is sold in 25 years for a sum of \$500,000, the City shall receive \$50,000 from the sale to reinvest in new affordable housing developments through the proposed Affordable Housing Community Fund;  
*or*  
Require that units receiving subsidy be guaranteed at below-market rents or sales prices for a period of time (e.g., 20 years, 100 years), with annual rents and allowable sales prices adjusted for inflation. The City may also retain "first right of refusal," i.e., the right to purchase the unit before it is offered for sale to any other buyers.

*Target date: Ongoing.*

*Responsibility: Housing Program, Affordable Housing Task Force, Planning Department, Redevelopment Agency, City Attorney, Finance Department, Planning Commission and City Council.*



**Policy A-5****Provide Priority Review and Permitting for Affordable Housing Projects.**

*To encourage and facilitate the construction of affordable housing for low and moderate income households, the City shall pursue and implement the following Implementing Program.*

**A-5a Provide Priority Review and "Fast-Track" Permitting for Affordable Housing Developments.**

Review the City's current procedures for processing development proposals and approving permits, to identify strategies for accelerating the permitting process for affordable housing developments. This will help shorten the pre-construction period for these projects and reduce their carrying costs. Possible recommendations might include procedural changes, one-stop processing or increased staffing for review of applications.

*Target date: July 1992.*

*Responsibility: Planning, Building and Public Works Departments.*





**Policy A-6**  
**Support the Construction of *Second Units*.**

*To encourage infill-type development and the construction of new affordable housing units, the City shall pursue and promote the following **Implementing Programs**:*

**A-6a Review Second Unit Occupancy Requirements.**

Consider revision of the occupancy requirements stated in the Second Unit Ordinance (20.10.070, subsection F) to allow occupancy by non-owner occupants regardless of age or relation by blood or marriage to the owner-occupants.

*Target date: Decision by July 1993.*

*Responsibility: Planning Department, Planning Commission and City Council.*

**A-6b Increase Lot Coverage for Second Unit Lots in R-1-6 Districts.**

Increase the maximum lot coverage from 40 percent to 50 percent for R-1-6 zoned lots where a Second Unit is constructed.

*Target date: Decision by July 1993.*

*Responsibility: Planning Department, Planning Commission and City Council.*

**A-6c Encourage Homeowners to Construct Second Units.**

Publicize the Second Unit Ordinance and the income benefits of second unit construction to homeowners in the City. Link this promotion with information on the availability of low-interest rehabilitation loans and other funding programs to support second unit development and provide technical support as necessary to interested homeowners.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



**Policy A-7****Pursue State and Federal Funds for New Housing Construction.**

*To maximize the public monies available for new housing construction in Merced and fully leverage the use of local funds, the City shall pursue and promote the following Implementing Programs.*

**A-7a Apply for State and Federal Funds to Support New Housing Construction.**

Identify and apply for funding at the State and Federal levels to finance the construction of new affordable housing in the City. When possible, pursuit of State and Federal monies shall be coordinated with other local agencies and jurisdictions, with private developers and/or with local lending institutions.

*Target date: Ongoing.*

*Responsibility: Housing Program.*

**A-7b Provide Assistance for Private and Nonprofit Applicants to State and Federal Programs.**

Assist private and nonprofit individuals or organizations in applying for State and Federal funds. Assistance may take the form of information referral, consultation regarding program applications and/or lobbying by local officials on behalf of the applicant.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



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**Policy A-8**  
**Support Housing to Meet Special Needs.**

*To ensure that housing in Merced responds to the full range of housing needs present in the population, the City shall promote and pursue the following **Implementing Program**.*

**A-8a Promote and Develop Housing to Meet Special Needs.**

Work with private and nonprofit developers as well as the Merced College "Build-A-House" Project to finance, design and construct housing to meet special needs. Such projects might include, but are not limited to: senior housing, including congregate care facilities; housing for people with physical and mental disabilities; farmworker housing; transitional housing for the homeless; an emergency shelter for the homeless; and housing for large families.

*Target date: Ongoing.*

*Responsibility: Housing Program.*





**Policy A-9****Continue the "Build-A-House" Project with Merced College.**

*To encourage continued cooperation between the public, private and nonprofit sectors in responding to Merced's affordable housing needs and to support valuable educational and training opportunities for Merced residents, the City shall continue its funding and support for the "Build-A-House" Project with Merced College. To this end, the City shall promote and pursue the following **Implementing Program**.*

**A-9a Support the "Build-A-House" Project with Merced College.**

Continue to support and seek to expand the Build-A-House Project, sponsored in conjunction with Merced College. The project provides funding and technical assistance for residential development in which college students are responsible for construction. As a priority, target projects to provide housing for special needs groups.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



**Goal Area B: Housing Conservation and Rehabilitation****GOAL**

- Ensure quality affordable housing through the conservation and rehabilitation of the existing housing stock.

**POLICIES**

- B-1 Continue the City's Housing Rehabilitation Loan Program.
- B-2 Promote preventive maintenance and energy conservation in older housing units.
- B-3 Pursue State and Federal funds to support conservation and rehabilitation.
- B-4 Retain existing subsidized lower-income units.



**Policy B-1****Continue the City's Housing Rehabilitation Loan Program.**

*To help retain existing affordable housing units and to ensure a high-quality housing stock, the City of Merced shall provide low-interest loans to homeowners to assist them in rehabilitation efforts. To this end, the City shall promote and pursue the following Implementing Programs.*

**B-1a Continue the Housing Rehabilitation Loan Program for Homeowners and Owners of Rental Properties.**

Allocate monies from the City's Affordable Housing Community Fund to expand the City's Housing Rehabilitation Loan Program. Through the Program, provide low-interest rehabilitation loans to qualifying homeowners and owners of rental properties. Loan principal and interest are paid back over time through a revolving loan pool that is then used to assist others in upgrading their units to meet code requirements and quality standards. Program loan monies may also be supplemented with Home Improvement Funds from PG&E based on fund availability and household eligibility.

*Target date: Ongoing.*

*Responsibility: Housing Program.*

**B-1b Identify and Notify Owners of Substandard Units.**

Based on the results of the City's recent housing inventory, identify substandard units in need of rehabilitation and notify owners of the availability of financing through the Housing Rehabilitation Loan Program.

*Target date: Ongoing.*

*Responsibility: Housing Program.*





**Policy B-2****Promote Preventive Maintenance and Energy Conservation in Older Housing Units.**

*To help ensure that existing housing units are preserved in good condition and kept from becoming substandard, the City shall promote and pursue the following Implementing Programs.*

**B-2a Identify and Notify Owners of Older Units or Units in Need of Moderate Repairs.**

Based on information collected during the City's recent housing conditions inventory, identify older housing units in need of repair *to keep them from becoming substandard*. Notify the owners of these units that low-interest financing is available to assist them in minor rehabilitation.

*Target date: June 1992 and ongoing.*

*Responsibility: Housing Program.*

**B-2b Provide Public Information on Preventive Maintenance and Energy Conservation.**

Utilize public information programs to educate the public on low-cost preventative maintenance and energy conservation measures they can take to prolong the life and quality of their home and reduce their long-term utility and maintenance costs.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



**Policy B-3****Pursue State and Federal Funds to Support Conservation and Rehabilitation.**

*To maximize the public monies available for housing conservation and rehabilitation in Merced, the City shall pursue and promote the following **Implementing Program**.*

**B-3a Apply for State and Federal Funds to Support Housing Conservation and Rehabilitation.**

Direct City staff to identify and apply for funding at the State and Federal levels to help finance housing conservation and rehabilitation in the City. When possible, pursuit of State and Federal monies shall be coordinated with other local agencies and jurisdictions, with private developers and/or with local lending institutions.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



**Policy B-4****Retain Existing Subsidized Lower-Income Units.**

*To ensure that existing subsidized very low-, low-, and moderate-income housing units, especially those which will be available for conversion to market rate housing by the year 2000, are retained as part of the City's stock of affordable housing, the City shall pursue and promote the following **Implementing Programs**.*

**B-4a Monitor Affordable Projects At Risk Of Conversion To Market Rate.**

Maintain regular communication with the owners of all subsidized projects in Merced to keep up-to-date on their plans to maintain affordability.

*Target Date: Annual discussions with each property owner, especially to monitor the following projects for conversion to market rate: Merced West Manor (currently in process); Parkwood Apartments (October 1997); and Merced Gardens (April 1994).*

*The last two projects are Section 8 opt-out risks.*

*Responsibility: Housing Program.*

**B-4b Work With the Merced County Housing Authority to Maintain and Seek Additional Section 8 Funding.**

Monitor Federal actions and appropriations regarding extension of Section 8 contracts, and actively support additional appropriations.

*Target Date: Ongoing.*

*Responsibility: Housing Program.*

**B-4c Continue Rental Subsidy Allocations in Merced.**

Continue to participate in the Housing Authority Allocation of housing rental subsidies in Merced for very-low and low-income households.

*Target Date: Ongoing.*

*Responsibility: Housing Program.*

**B-4d Assist Local Nonprofits in Purchasing At-Risk Projects.**

Work with nonprofit organizations, such as the Merced County Coalition for Affordable Housing, in assembling resources to purchase at-risk projects when they are offered for sale.

*Target Date: Ongoing.*

*Responsibility: Housing Program; Merced County Coalition for Affordable Housing.*



## **Goal Area C: Housing Affordability**

### **GOALS**

- Increase homeownership opportunities for low and moderate income groups.
- Provide financial assistance as needed to very low and low income renter households.

### **POLICIES**

- C-1 Provide downpayment assistance to qualifying homebuyers.
- C-2 Work with the Housing Authority to continue and expand Section 8 Programs.
- C-3 Explore the potential for an experimental rental assistance program for the homeless.
- C-4 Coordinate with local agencies to provide assistance to the homeless.
- C-5 Pursue State and Federal funds to assist affordability efforts.





**Policy C-1****Provide Downpayment Assistance to Qualifying Homebuyers.**

*To make home ownership accessible to households of low and moderate income, the City shall provide low-interest loans to assist such households with their downpayments. To this end, the City shall promote and pursue the following Implementing Program.*

**C-1a Establish a Downpayment Assistance Program.**

Establish a revolving loan pool to provide low-interest loans to first-time low and moderate income homebuyers. The loan pool would be established and operated as a self-sustaining funding source, with established guidelines setting forth terms and conditions for downpayment loans. Such guidelines might include a percentage-of-buying-price or total dollar limit on loans and conditions for interest and principal re-payment (e.g., due after 20 years or at time of resale). Guidelines will be developed based on the dual goals of making the loan pool self-sustaining and lowering the financial burden on first-time, low and moderate income homebuyers.

*Target date: January 1993.*

*Responsibility: Housing Program, Affordable Housing Task Force, Redevelopment Agency, City Attorney, Finance Department, City Council.*



***Policy C-2*****Work with the Housing Authority to Continue and Expand Section 8 Programs.**

*To help reduce the high incidence of rent overpayment among very low and low income households in Merced, the City shall work with the Merced County Housing Authority to maximize use of the Federally funded Section 8 rental assistance programs in the City of Merced. To this end, the City shall promote and pursue the following Implementing Program.*

**C-2a Continue Cooperative Efforts with the County Housing Authority.**

Continue working with the Merced County Housing Authority to maximize use of Section 8 rental assistance programs in the City of Merced. Cooperative activities may include, but are not limited to: identification and/or development of housing units available for Section 8 occupancy; identification of households eligible for Section 8 assistance; and assistance in lobbying the Federal government for an increased allocation of Section 8 vouchers and certificates for Merced County's large and growing population of very low and low income households.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



**Policy C-3****Explore the Potential for an *Experimental Rental Assistance Program for the Homeless.***

*To assist homeless individuals and families in re-entering the housing market, the City shall explore the potential for providing temporary rental assistance to the homeless. To this end, the City shall promote and pursue the following **Implementing Program:***

**C-3a Explore the Potential for an Experimental "Rental Assistance Program" for the Homeless.**

Work with community agencies (e.g., Community Action Agency and Salvation Army) to fund and operate an experimental "temporary rental assistance program" to assist households who have been displaced from their home or apartment. Funding could be provided by the City or a coalition of agencies. The program would provide a limited financial grant or deposit to assist low-income, qualifying households in re-entering the housing market. The program could be established and monitored for a twelve-month trial period. If the program is evaluated highly, the City would consider funding it as an ongoing program.

*Target date: Establish experimental program by January 1993.*

*Responsibility: Housing Program, Affordable Housing Task Force, City Council.*





**Policy C-4****Coordinate with Local Agencies to Provide Assistance to the Homeless.**

*To address the needs of families and individuals who have been displaced from the housing market, the City shall work with relevant service agencies to provide assistance in locating housing and related support services. To the extent possible, the City shall also coordinate with County agencies and nonprofit service providers to secure transitional housing to meet the temporary housing needs of these households. To this end, the City shall promote and pursue the following **Implementing Programs**.*

**C-4a Continue to Support Efforts to Coordinate Homeless Services.**

The City shall continue to work with the United Way, Merced County Human Services Agency, the County Housing Authority, local church groups and other service providers to support their efforts in providing shelter and services to the homeless.

*Target date: Ongoing.*

*Responsibility: Housing Program, Affordable Housing Task Force.*

**C-4b Explore the Feasibility of Developing Transitional Housing for the Homeless and a permanent Emergency Shelter facility.**

Provide technical assistance and financial support for development of transitional housing to serve homeless families and individuals. In addition, work with other agencies and nonprofit organizations to explore the feasibility of developing a permanent emergency shelter facility in the city.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



***Policy C-5******Pursue State and Federal Funds to Assist Affordability Efforts.***

*To maximize the public monies available for affordability efforts in Merced, the City shall pursue and promote the following Implementing Program.*

**C-5a Apply for State and Federal Funds to Support Affordability Efforts.**

Identify and apply for funding at the State and Federal levels to help bridge the "affordability gap" between housing prices and household incomes in the City (e.g., assistance for first-time homebuyers). When possible, pursuit of State and Federal monies shall be coordinated with other local agencies and jurisdictions, with private developers and/or with local lending institutions.

*Target date: Ongoing.*

*Responsibility: Housing Program.*



***Goal Area D: City Coordination******GOALS***

- **Coordinate innovative housing efforts with private and nonprofit developers as well as other jurisdictions and city departments.**
- **Ensure accountability and success of the Housing Action Plan.**

***POLICIES***

- D-1 Establish an Affordable Housing Community Fund.**
- D-2 Educate the public regarding affordable housing issues and programs.**
- D-3 Continue the functions of the Affordable Housing Task Force.**
- D-4 Support the City of Merced General Plan Update.**
- D-5 Periodically review and evaluate the Housing Action Plan.**
- D-6 Ensure that the City of Merced provides its fair-share of affordable housing.**



**Policy D-1****Establish an Affordable Housing Community Fund.**

*To support the City's affordable housing efforts, the City shall establish an Affordable Housing Community Fund to serve as a centralized funding pool and high-visibility statement of the City's support for affordable housing. To this end, the City shall promote and pursue the following **Implementing Programs**.*

**D-1a Establish an Affordable Housing Community Fund.**

Establish a new City account under the title of "Affordable Housing Community Fund" to serve as the depository for monies designated for general use in affordable housing programs (project-specific monies excluded). The Fund shall be managed by the City's Housing Program, with policy oversight and monitoring from the City's Affordable Housing Task Force. Potential uses for Fund monies shall include land acquisition for affordable housing, participation in affordable housing development projects, contributions to the City's Rehabilitation Loan and Rental Assistance programs, low-interest financing for the construction of second units, and support for downpayment assistance for first-time homebuyers. Goals and priorities for use of Fund monies shall be established by the Affordable Housing Task Force and City Council.

*Target date: July 1992.*

*Responsibility: Housing Program, Affordable Housing Task Force, Redevelopment Agency, Finance Department.*

**D-1b Maximize Public and Private Contributions to the City's Affordable Housing Community Fund.**

Explore potential funding contributions from both public and private sources for the City's Affordable Housing Community Fund. Potential sources include:

- 20 percent set-aside from Redevelopment Agency tax-increment income;
- Documentary transfer tax contributions; and
- Contributions from private sources.

*Target date: Ongoing.*

*Responsibility: Housing Program, Affordable Housing Task Force, Redevelopment Agency, Finance Department.*





**Policy D-2****Educate The Public Regarding Affordable Housing Issues And Programs.**

*To ensure that the City's affordable housing programs and related efforts have maximum impact and benefit, to promote equal housing opportunities for all persons regardless of race, religion, sex, marital status, ancestry, national origin, or color, and to build public awareness of an support for affordable housing programs, the City shall provide public information and educational materials on affordable housing issues and the programs being undertaken by the City to address those issues. To this end, the City shall promote and pursue the following Implementing Programs.*

**D-2a Provide Ongoing Public Information on Affordable Housing Issues and Programs.**

Ensure that information on affordable housing issues and programs in the City of Merced is made available to city residents, developers, and local lenders, by placing program brochures, copies of city documents, and other pertinent information in the city libraries and at the Merced Civic Center. In addition, make this information available to community-based groups serving lower income residents, such as the Lao Family Community Center. Maximize public visibility for housing programs by encouraging representatives of the local media to cover affordable housing as an important community issue in need of community-wide attention and response.

*Target date: Ongoing.*

*Responsibility: Housing Program.*

**D-2b Establish a Tenant and Landlord Education Program.**

Work with the County Housing Authority, the Merced County Rental Housing Association, and other relevant organizations to develop and implement educational materials and classes (perhaps in the form of an ongoing speakers series focusing on special topics or issues) to educate tenants and landlords on their rights and responsibilities as renters. Focus on pro-active strategies and skills to improve public safety, housing conditions, and tenant-landlord relations, covering issues such as fire safety, neighborhood watch, and personal financial management.

*Target: Establish program by July 1993.*

*Responsibility: Housing Program; Affordable Housing Task Force.*



**Policy D-3****Continue the Functions of the Affordable Housing Task Force.**

*To provide ongoing goal-setting, oversight of the Affordable Housing Community Trust Fund, monitoring of the Affordable Housing Action Plan and liaison with the Merced community, the City shall continue to convene and support the Affordable Housing Task Force. To this end, the City shall promote and pursue the following Implementing Program.*

**D-3a Formalize the Roles and Responsibilities of the Affordable Housing Task Force.**

Convene the Affordable Housing Task Force on a quarterly basis (minimum) to 1) review progress on the Housing Action Plan goals, policies and programs; 2) provide input on an as-needed basis regarding specific program opportunities and efforts; 3) provide advisory review of housing-related issues and decisions to the Planning Commission and City Council; and 4) provide oversight for the disbursement of funds from the City's Affordable Housing Community Fund.

*Target date: Ongoing.*

*Responsibility: Housing Program, Affordable Housing Task Force, Planning Commission and City Council.*



**Policy D-4**  
**Support the City of Merced General Plan Update.**

*To provide long-term planning support for affordable housing development, the City shall complete a comprehensive update of its General Plan. To this end, the City shall promote and pursue the following **Implementing Program**.*

**D-4a Work with Planning Staff to Update the City of Merced General Plan.**

Housing Program staff will work with the City's planning staff on the comprehensive update of the City of Merced General Plan. In particular, the General Plan Land Use Element shall be reviewed and updated to reflect the goals and policies of the Housing Action Plan and Housing Element of the General Plan, including an evaluation of residential densities (*Implementing Program A-1a*) in the City and mechanisms for increasing density (e.g., allowing multi-family construction) where appropriate and where a percentage of units are guaranteed at below-market rates (in accordance with the proposed Affordable Housing Ordinance).

*Target date: Complete update by 1994.*

*Responsibility: Housing Program.*





**Policy D-5****Periodically Review and Evaluate the Housing Action Plan.**

*To ensure accountability to the Housing Action Plan's goals and to ensure a Plan that is responsive to changing needs, the City shall conduct an annual review and evaluation of the Housing Action Plan. To this end, the City shall promote and pursue the following **Implementing Programs**.*

**D-5a Conduct an Annual Program Review and Evaluation.**

Direct City staff to review and evaluate program implementation on an annual basis and to present the results of that review in written form to the Affordable Housing Task Force, the Planning Commission and the City Council. The review shall be conducted in conjunction with the City's annual budgeting process and shall include expenditures and results by program, summary of success towards meeting stated targets, and an update on progress towards longer range goals. Recommendations for revisions and/or specific program alteration may also be made and submitted for approval.

*Target date: Annual.*

*Responsibility: Housing Program, Affordable Housing Task Force, Planning Commission and City Council.*

**D-5b Review, Revise and Confirm Goals, Policies, Programs and Quantified Objectives Every Five Years.**

Conduct a comprehensive review of the goals, policies, programs and quantified objectives included in the Housing Action Plan on a five year interval. Revise and re-confirm goals, policies and programs and identify new quantified objectives during the review process. Update the City's Housing Element and Comprehensive Housing Affordability Strategy to reflect the new five-year Housing Action Plan.

*Target date: 1997.*

*Responsibility: Housing Program, Affordable Housing Task Force, Planning Department, Planning Commission and City Council.*



**Policy D-6****Ensure that the City of Merced Provides Its *Fair-Share* of Affordable Housing.**

*To respond to the overall need for affordable housing in Merced County and to recognize that affordable housing is an issue that crosses jurisdictional boundaries, the City shall strive to provide its fair share of affordable housing in the County as identified by the Merced County Association of Governments. To this end, the City shall promote and pursue the following **Implementing Program**.*

**D-6a Coordinate with County-Wide Policies and Objectives.**

City staff shall work with staff from the County to periodically review and update policies, programs and quantified objectives identified in the City of Merced Housing Action Plan and related policy documents to ensure consistency with projections from the Merced County Association of Governments. Consistency between City and County housing policies and programs shall also be reviewed, with opportunities for cooperative efforts identified and pursued. The review shall coincide with the Annual Program Review authorized in Implementing Program D-5a.

*Target date: Annual.*

*Responsibility: Housing Program.*



## Quantified Objectives

State law requires that the Housing Element include quantified objectives for the maximum number of units by income category expected to be constructed, rehabilitated, or conserved during the 1992-1997 time period.

The matrix below presents the quantified objectives for each income category. The conservation objectives refer to the preservation of existing affordable housing through such measures as providing or continuing rent subsidies (e.g., Section 8 Certificates) or implementing land use controls or other regulatory restrictions.

Income Category	New Construction	Rehabilitation	Conservation
<i>Very Low Income</i>	160	125	525
<i>Low Income</i>	245	100	235
<i>Moderate Income</i>	235	50	50
<i>Above Mod Income</i>	3058	0	0

Figures are based on the program-by-program estimates presented in the following Implementation Matrices.

- **New Construction.** Objectives for New Construction represent units expected to result directly from City-sponsored programs (except for Above Moderate Income). This includes all of the programs described in Goal Area A of the Housing Element and Housing Action Plan. While figures are generally low in comparison to projected need, they represent realistic assumptions given expected funding availability to support below-market rate housing construction. Above-moderate income housing construction is expected to continue keeping pace with market demand and is therefore equivalent to projected need.
- **Rehabilitation.** Objectives for rehabilitation are based on the projected performance of programs in Goal Area B, particularly program B-1a, *Continue the Housing Rehabilitation Loan Program*.
- **Conservation.** Conservation objectives are based on the subsidy programs currently operated by the Merced County Housing Authority (i.e., Section 8 certificates and vouchers) in addition to City-sponsored efforts towards conserving affordable housing for lower income households (i.e., programs C-3a and C-5a).



*SECTION IV*  
**Implementation Matrices**





## IV. Implementation Matrices

The following pages provide an Implementation Matrix for each goal area. Each matrix presents objectives for the 1 and 5 year timeframes for housing units to meet the needs of Very Low, Low, and Moderate Income households. The departments responsible for implementation, funding allocations and sources, and required staff hours are also indicated. This information is provided, where applicable, for each Implementing Program included in the Housing Element.

The matrices assume first year Housing Program funding of approximately **\$1.1 million** for non-administrative costs, including \$500,000 from the Redevelopment Agency set-aside for affordable housing and \$600,000 from Community Development Block Grant (CDBG) funds. It also includes a potential \$750,000 that may be available from the new Federal HOME Program. Program administrative costs are covered by approximately \$300,000 in program income (from loan repayments, etc.) and are not included in the dollar figures shown in the matrices.

Each matrix provides information according to the following categories:

### 1-Year Objective

This is presented, where applicable, as:

- **Goal Area A:** Number of affordable units to be constructed.
- **Goal Area B:** Number of units to be rehabilitated.
- **Goal Area C:** Number of persons to be served.
- **Goal Area D:** Specified in the Matrix.

### 5-Year Objective

This presents the same type of information as presented in the 1-Year Objective, but is for the 5-Year time period.

### Responsibility

Departments responsible for implementation are listed using these abbreviations:

- **HP:** Housing Program
- **PL:** Planning Department
- **RA:** Redevelopment Agency
- **PW:** Public Works Department
- **CA:** City Attorney's Office
- **FD:** Finance Department
- **FPD:** Fire and Police Departments
- **PC:** Planning Commission
- **CC:** City Council



## Funding

Potential first-year funding allocations are identified where applicable. *Costs are provided only for programs that will be implemented by the Housing Program and that will require direct costs above the ongoing costs of Housing Program administrative overhead.* A line (ß) indicates that costs would be staff time and/or overhead cost only *or* that the program has already been fully funded and is self-sustaining (e.g., Program A-9a: Build-A-House Project).

## Source

The funding source is indicated using the following abbreviations:

- **CDBG:** Funds to be allocated from Community Development Block Grant monies.
- **HS:** Funds to be allocated from Housing Set-Aside monies from the Redevelopment Agency.
- **PI:** Funds to be allocated from Program Income (this applies only to the Housing Rehabilitation Loan Program, which is funded in part by repayments of previous loans).
- **HOME:** Funds anticipated to be available for housing rehabilitation activities from the new Federal HOME Program.

## Hours

An estimate is provided for the number of staff hours that will be required to implement each program. For programs that are ongoing, a "per year" hour estimate is provided. Program actions already accounted for under other work programs underway in the City do not have hours listed. Programs A-1a and A-1b will be completed through the City's General Plan Update and are therefore identified with the notation "GP." Program A-1d does not have hours listed because it does not have any specific hourly implications.

## Content Summary

The Implementation Matrices present funding allocations and, therefore, the priorities of the Action Plan. They also provide a summary of the numbers of units that might be constructed or rehabilitated, or the number of households that might be assisted, as the result of each program action.

### Goal Area A: New Affordable Housing Construction

As the Implementation Matrix reveals, Goal Area A focuses on actions the City might take that require no direct financial contribution other than staff time. It primarily deals with city land use policies, identifying actions that might encourage construction of lower cost homes or housing to meet special needs (e.g., A-1e which hopes to encourage construction of homes for larger families).





The two "top priority" programs in Goal Area A are Adopt an Affordable Housing Ordinance (which requires an estimated 400 hours of staff time and delivers an estimated 100 units of affordable housing in the 5-year term) and Joint Development Agreements (which receives a potential \$400,000 funding allocation in the first year to deliver 40 units of affordable housing, with an estimated 200 units delivered in the 5-year term). Housing To Meet Special Needs is also an important program here.

In all, Goal Area A's programs could result in construction of 104 units of affordable housing in the first year, 690 units in the 5-year term. In the first year, funding allocations (as currently identified) total \$451,000, with staff hours totaling 1,740.

#### **Goal Area B: Housing Conservation and Rehabilitation**

The top priority in Goal Area B is continuation (and increased funding) of the City's Housing Rehabilitation Loan Program. With a first-year funding allocation of \$590,000, the program would hope to provide rehabilitation loans to 40 homeowners in Merced. In the 5-year term, the program would hope to serve 200 homeowners. With the addition of \$750,000 in potential HOME Program funds, rehabilitation activities could be increased to provide rehabilitation loans for an additional 50 households in the first year.

The remaining programs in this goal area are primarily informational, with funding for information development and dissemination. In total, Goal Area B includes (with present allocations) \$594,000 in funding and 120 hours of staff time. The HOME Program could add another \$750,000 to this amount.

#### **Goal Area C: Housing Affordability**

Goal Area C includes two new programs that would be designed and implemented by the City on an experimental basis. They are a Downpayment Assistance Program and a Rental Assistance Program. Together, these two programs would be allotted \$50,000 in the first year and would hope to serve 10 first-time homebuyers and 30 at-risk rental households. There would be an estimated 145 total staff hours necessary to implement the programs in Goal Area C.

#### **Goal Area D: City Coordination**

Except for two programs, this Goal Area's programs would be carried out as part of the Housing Program's ongoing administrative functions. In total, Goal Area D is allocated \$5,000 of funding in the first year to provide public information and establish a tenant/landlord education program. Estimated staff time for Goal Area D totals 340 hours for the year.





\* = 1st year priority

## A: New Affordable Housing Construction Implementation Matrix

Implementing Program	Objectives 1 Yr. / 5 Yr.		Responsibility	Hours	1st Year Funding	Source
A-1a Evaluate Residential Densities	na	na	PL,PC,CC	GP	—	—
A-1b Promote Use of RPD Zoning	na	60	PL,PC,CC	GP	—	—
A-1c Review RPD Min. Area Req.	12	60	PL,PC,CC	100*	—	—
A-1d Encourage Mixed Use Development Downtown	2	10	PL,RA,HP,PC,CC	—	—	—
A-1e Review R-1-5, R-2, R-3 Max. Lot Coverage	na	20	PL,PC,CC	75	—	—
A-1f Review R-2 District Reqs.	na	30	PL,PC,CC	75	—	—
A-1g Allow Subdiv. of Deep Lots	3	15	PL,PC,CC	75*	—	—
A-2a Review Water and Sewer Pipe Requirements	na	na	PL,PW,FPD,PC,CC	100	—	—
A-2b Review Street Width Reqs./ Classifications	na	na	PL,PW,FPD,PC,CC	200	—	—
A-3a Adopt Affordable Housing Ordinance	na	100	HP,TF,FD,CA PL,PW,PC,CC	400*	—	—
A-3b Establish/Monitor Affordability Levels	na	na	HP	25/yr	—	—
A-3c Provide Eligibility Screening	na	na	HP	30/yr	—	—
A-4a Pursue Joint Development Agreements	40	200	HP,TF,PL,RA,CA,FD,PC,CC	300/yr*	\$400K	HS
A-5a Ensure Fast-Track Processing	na	na	PL,BU,PW	20*	—	—
A-6a Review Second Unit Occupancy Requirements	5	25	PL,PC,CC	100*	—	—
A-6b Increase R-1-6 Lot Coverage for Second Units	3	15	PL,PC,CC	40*	—	—
A-6c Encourage Second Unit Construction	na	na	HP	25*	\$1K	CDBG
A-7a Apply for State and Federal Funds for New Construction	na	50	HP	50/yr	—	—
A-7b Provide Application Assistnc.	na	20	HP	25/yr	—	—
A-8a Promote/Develop Housing for Special Needs	5	25	HP	50/yr*	\$50K	HS
A-9a Support "Build-A-House"	2	10	HP	50/yr	—	—

Total Anticipated New Units:	72	640	Total 1st Yr. Funding:	\$451K	
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\* = 1st year priority

## B: Housing Conservation and Rehabilitation *Implementation Matrix*

Implementing Program	Objective 1 Yr. / 5 Yr.		Responsibility	Hours	1st Yr. Funding	Source
B-1a Continue the Housing Rehab. Loan Program	40	200	HP	—*	\$590K	CDBG/PI
Potential HOME Contribution	50	—	HP	—*	\$750K	HOME
B-1b Identify/Notify Owners of Substandard Units	na	na	HP	20*	\$1K	CDBG
B-2a Identify/Notify Owners re: Minor Repairs	na	na	HP	20*	\$1K	CDBG
B-2b Provide Public Info. on Preventive Maintenance	na	na	HP	20*	\$1K	CDBG
B-3a Apply for State/Federal Rehabilitation Funds	na	25	HP	40/yr	—	—

Total Units To Be Rehabilitated:	90	275	Total 1st Yr. Funding:	\$1344K	
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## C: Housing Affordability *Implementation Matrix*

Implementing Program	Objective 1 Yr. / 5 Yr.		Responsibility	Hours	Funding	Source
C-1a Establish Downpayment Assistance Program	10	50	HP,TF,RA,CA,FD,CC	40*	\$40K	HS
C-2a Cooperate w/ Housing Authority (Sect. 8)	na	na	HP	20/yr	—	—
C-3a Explore Experimental Rental Assistance Program	30	na	HP,TF,CC	25*	\$10K	HS
C-4a Support Coordination of Homeless Services	na	na	HP,TF	20/yr	—	—
C-4b Explore Feasibility of Transitional Housing and Emergency Shelter	na	15	HP	20	—	—
C-5a Apply for State/Federal Funds for Assistance Programs	na	50	HP	20/yr	—	—

Total Households To Be Assisted:	40	115	Total 1st Yr. Funding:	\$50K	
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\* = 1st year priority

## D: City Coordination

## Implementation Matrix

Implementing Program	Objective 1 Yr. / 5 Yr.		Responsibility	Hours	1st Yr. Funding	Source
D-1a Affordable Housing Community Fund	na	na	HP,TF,RA,FD	120*	—	—
D-1b Maximize Contributions to Fund	\$500K	\$3M	HP,TF,RA,FD	40/yr	—	—
D-2a Provide Ongoing Public Information	na	na	HP	30*	\$2K	CDBG
D-2b Establish a Tenant/Landlord Education Program	20 served	100 served	HP,TF	40*	\$3K	CDBG
D-3a Continue the Affordable Housing Task Force	na	na	HP,TF,PC,CC	50/yr	—	—
D-4a Support the General Plan Update	na	na	HP	20*	—	—
D-5a Conduct an Annual Review/ Evaluation	1 review	4 reviews	HP,TF,PC,CC	35/yr	—	—
D-5b Conduct 5-Year Action Plan Update	na	1 update	HP,TF,PL,PC,CC	—	—	—
D-6a Coordinate w/ County Policies/ Programs	na	na	HP	5	—	—

## Summary of First Year Program Implementation

Evaluation of Residential Densities Through the General Plan Update Process
Decision on RPD Minimum Area Requirement Reduction or Removal
Decision on the Subdivision of Deep Lots
Development and Adoption of the Affordable Housing Ordinance
Initiation or Conclusion of Joint Development Agreements for Construction of 40+ Lower Income Units
Provision of Fast-Track Processing for All Affordable Housing Developments
Development and Dissemination of Public Information on Second Unit Construction
Development Initiated on 5+ Units to Meet Special Housing Needs
Provision of Rehabilitation Loans to 40 Households.
Provision of an Additional 50 Rehabilitation Loans Through Use of HOME Program Funds
Development and Dissemination of Public Information on Rehabilitation Loans and Preventive Maintenance
Establishment of a Downpayment Assistance Program
Establishment and Evaluation of an Experimental Rental Assistance Program
Establishment of an Affordable Housing Community Fund
Initiation of a Tenant/Landlord Education Program
Completion of Annual Action Plan Review and Evaluation



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